

5. Accounts, bills, currency, deeds, evidences of debt or title, **Money**, notes or **Securities**, ~~other than covered under Section II - Crime Coverage or by endorsement.~~
6. With respect to property in the course of construction:
  - a. Loss or damage to **Property** caused by or resulting from errors in design or testing of that **Property** but not excluding resultant physical loss or damage to **Property** covered hereunder other than the **Property** lost or damaged by error in the design or testing of that property;
  - b. The repair or replacement of faulty or defective workmanship, material, or construction, but this exclusion shall not apply to physical **loss or** damage to other **Property** resulting from such faulty or defective workmanship or material; or
  - c. Penalties for non-completion of, or delay in completion of, contract or non-compliance with contract conditions, nor for loss of use of occupancy however caused.
7. Loss resulting from loss of use, delay or loss of markets.
8. Any loss **or damage** caused by or resulting from explosion, implosion, rupture, bursting, cracking, burning or bulging of boilers, pressure vessels or the piping or apparatus attached thereto unless fire ensues, and then only for the actual loss or damage caused by the ensuing fire.
9. **Loss or damage resulting from e**Error in machine programming or machine instructions, or breakdown or derangement of machinery.
10. Inventory shortage, mysterious disappearance or loss resulting from any kind of infidelity, dishonesty or fraud on the part of the **Member** of any of its employees, whether alone or in collusion with others, ~~except from the perils covered in Section V - Summary of Crime Coverages, Item A, of this Coverage Agreement.~~
11. Loss or damage to electrical appliances, devices, fixtures or wiring caused by artificially generated electric current, unless fire or explosion ensues, and then only for the actual loss or damage caused by such ensuing fire or explosion.
12. Loss or damage to real and personal property caused by processing, renovating, repairing or faulty workmanship thereon, unless fire or explosion ensues, and then only for the direct loss or damage caused by such ensuing fire or explosion.

13. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight leakage, depletion, erosion, marring, scratching, exposure to light, or change in color, texture or flavor, unless such loss or damage is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft or attempted theft.
14. Loss or damage to real property resulting from cracking, bulging, expansion of pavements, foundations, walls, floors or ceilings, unless one or more of the building or structure's walls or roofs is physically broken and falls to a lower level. If, however, direct loss by liquids or gases not otherwise excluded, or collapse results, then this **Agreement** shall cover only the resulting loss. Loss resulting from extremes or changes of temperature (except to water piping or space heating equipment due to freezing) or changes in relative humidity, all whether atmospheric or not, is also excluded.
15. Any increase of loss due to interference with rebuilding, repairing, or replacing the property or with the resumption or continuation of business at the described premises caused by strikers or other persons.
16. Any increase in loss due to the suspension, lapse or cancellation of any lease or license, contract or order.
17. **Loss or damage to Property** sold by the Insured under conditional sale, trust agreement, installment payment, or other deferred payment plan, after delivery to customers.
18. Transmission and distribution facilities, except within 1000 feet of the described premises.
19. Contraband or property in the course of illegal transportation or trade.
20. Loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.
  - a. The failure, malfunction or inadequacy of:
    - (i) Any of the following, whether belonging to any insured or to others:
      - (A) Computer hardware, including microprocessors.
      - (B) Computer application software.



- (C) Computer operating systems and related software.
  - (D) Computer networks.
  - (E) Microprocessors (computer chips) not part of any computer system.
  - (F) Any other computerized or electronic equipment or components; or
  - (ii) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph a. (i) due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for an **Insured** to determine, rectify or test for, any potential or actual problems described in paragraph a. of this exclusion.
21. Loss of or injury to animals except as named in a specific endorsement.;
22. Loss or damage resulting from :
- a. Wear and tear;
  - b. Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself, except as provided in Paragraph 14 of this section;
  - c. Nesting or infestation, or discharge or release of waste products by insects, birds, rodents or other animals; or
  - d. Mechanical breakdown, including rupture or bursting caused by centrifugal force.

## C. Extensions of Coverage

### 1. Extra Expense

It is agreed that if the **Member's** property is ~~damaged or destroyed~~ **sustains physical loss or damage** during the period of this **Coverage Agreement** so as to necessitate incurring Extra Expense (as defined below) the **Pool** shall be liable for

the Extra Expense so incurred, not exceeding the actual loss sustained, for not exceeding such length of time, hereinafter referred to as the **Period of Restoration**.

It is further agreed that this extension in coverage shall not operate to increase the **Pool's** limits of liability here-under.

a. Definitions that Apply to Extra Expense:

- (i) The term **Extra Expense** means the excess (if any) of the total cost incurred during the Period of Restoration chargeable to the operation of the **Member's** business, over and above the total cost that would normally have been incurred to conduct the business during the same period had no **physical loss or damage** ~~or destruction~~ occurred.

Any salvage value of **Property** obtained for temporary use during the **Period of Restoration**, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

- (ii) The term **normal** means the condition that would have existed had no **physical loss or damage** occurred.
- (iii) The word **month** means 30 consecutive days.
- (iv) **Period of Restoration** means such length of time commencing with the date of **loss or damage** and not limited by the date of expiration of the **Coverage Agreement**, as would be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the **Member's Property** as has **sustained physical loss or damage** ~~been damaged or destroyed~~.

b. Conditions that Apply to Extra Expense:

- (i) **Resumption of Operations:** It is a condition of the **Coverage Agreement** that as soon as practical, the **Member** shall resume normal operations of the business and shall dispense with such Extra Expense.
- (ii) **Interruption by Civil Authority:** Liability hereunder is extended to include actual loss as covered hereunder, sustained during the period of time, not exceeding two weeks, when as a direct result of peril covered against, access to the premises in which the **Property** described is located is prohibited by order of civil authority.



b. Exclusions that Apply to Extra Expense:

In addition to the general exclusions of this **Coverage Agreement**, the **Pool** shall not be liable for Extra Expense resulting from:

- (i) The suspension, lapse or cancellation of any lease, license contract or order beyond the ~~p~~Period of ~~r~~Restoration.
- (ii) Interference at a premises by strikers or other persons with rebuilding, repairing or replacing the **Property that has sustained physical loss or damage**~~damaged or destroyed~~, or with the resumption or continuation of business.
- (iii) Enforcement of any local or state ordinance or law regulating construction, repair, or demolition of buildings or structures.

b. Further, the **Pool** shall not be liable for:

- (i) More than the amount set forth in the limits of liability for each premises.
- (ii) Loss of income.
- (iii) The cost of repairing or replacing any of the real or personal property covered hereunder, or the cost of research or other expense necessary to replace or restore damaged or destroyed books of account, abstract drawings, card index systems or other records, (including files, tape, disc, drum, cell or other magnetic recording or storage media for electronic data processing), that have been damaged or destroyed by the perils covered against, except cost in excess of the normal cost of such repair, replacement or restoration necessarily incurred for the purpose of reducing loss under the **Coverage Agreement**. In no even shall such excess cost exceed the amount by which the total extra expense loss otherwise payable under this **Coverage Agreement** ensues from theft or attempted theft, and the **Pool** shall be liable for only such ensuing loss.
- (iv) Loss resulting from theft of any **Property** which at the time of loss is not an integral part of building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not excluded in this **Coverage**

**Agreement** ensues from theft or attempted theft, and then the **Pool** shall be liable for only such ensuing loss.

2. **Electronic Data Processing Equipment**

a. **Property Covered:**

- (i) Data processing systems including equipment and component parts thereof owned by the **Member** or leased, rented or under the control of the **Member**.
- (ii) This **Agreement** insures against the necessary Extra Expense, as defined in this section, incurred by a **Member** in order to continue as nearly as practicable the normal operation of its business, immediately following damage to or destruction of a data processing system including equipment and component parts and data processing media which is owned, leased, rented or under the control of the **Member**, as a result of all risks of physical loss or damage. In no event shall the insured loss exceed the amount indicated in the limits of this **Coverage Agreement**.
- (iii) This coverage includes actual losses sustained during the period of the **Agreement** including losses where the **Property** is so damaged that access to the **Property** is prevented or when the air conditioning system or electrical system necessary for the operation of the data processing equipment is so damaged that the **Member's** ability to perform normal operations is reduced or suspended.

b. **Property Excluded:**

- (i) Active data processing media which is hereby defined as meaning all forms of converted data and/or program and/or instruction vehicles employed in the **Member's** data processing operation;
- (ii) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents;
- (iii) **Property** rented or leased to others while away from the premises of the **Member**.

c. **Perils Covered:**

This **Agreement** covers against all risks or direct physical loss or damage to the **Property** covered, except as hereinafter provided.



d. Perils Excluded:

This extension does not cover against loss, damage or expense caused directly or indirectly by:

- (i) Damage due to mechanical failure, faulty construction, error in design unless fire or explosion ensues, and then only for loss, damage or expense caused by the ensuing fire or explosion.
- (ii) Any dishonest, fraudulent or criminal act by any **Insured**, a partner therein or an officer, director or trustee thereof, whether acting alone or in collusion with others.

e. Valuation.

Replacement cost - The **Pool** shall not be liable beyond the actual replacement cost of the **Property** at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated on the basis of the actual cash replacement cost of **Property** similar in kind to that covered at the place of and immediately preceding the time of the loss or damage, but in no event to exceed the limit of liability stipulated in the General Coverage Declarations of this **Coverage Agreement**.

f. Difference In Conditions.

It is a condition of this coverage that the **Member** shall file with the **Pool** a copy of any lease or rental agreement pertaining to the property covered hereunder insofar as concerns the lessors' liability for loss or damage to the **Property**, coverage afforded hereunder shall be only for the difference in conditions between those contained in said lease or rental agreement and the terms of the extension. The **Member** agrees to give the **Pool** 30 days notice of any alteration, cancellation or termination of the above mentioned lease or rental agreement pertaining to the lessors' liability.

2. Valuable Papers and Records

a. Conditions that Apply to Valuable Papers:

- (i) The **Pool** agrees to pay for the loss or damage to valuable papers and records.
- (ii) This extension covers all risks of direct physical loss of, or damage to, valuable papers and records, except as hereinafter provided, which occur during the period of coverage.

b. Protection of Valuable Papers and Records.

Coverage under this extension shall apply only while the **Member's** valuable papers and records are contained in the premises of the **Member**, and shall be kept in protective receptacles at all times when the premises are not open for business, except while the valuable papers and records are in actual use.

c. Automatic Extension.

The coverage afforded by this section of the **Agreement** applies while the valuable papers and records are being conveyed outside the premises and while temporarily within other premises, except for storage.

d. Removal.

The coverage afforded by this section of the **Agreement** applies while the valuable papers and records are being removed to and while at a place of safety because of imminent danger of loss and while being returned from that place, provided the **Member** gives written notice to the **Pool** of the removal within 10 days thereafter.

e. Ownership of Valuable Papers and Records. Interest Covered:

Valuable papers and records that are covered may be owned by the **Member** or held by the **Member** in any capacity; provided, the coverage applies only to the interest of the **Member** in the valuable papers and records, including the **Member's** liability to others, and does not apply to the interest of any other person or organization in any of the valuable papers and records unless included in the **Member's** proof of loss.

f. Limits of Liability, Valuation, Settlement Option.

- (i) The limit of the **Pool's** liability for loss shall not exceed the lesser of (1) the actual cash value of the valuable papers and records at the time of loss, (2) ~~nor~~ what it would then cost to repair or replace the valuable papers and records with others of like kind and quality, or (3) ~~nor~~ the applicable limit of coverage. The **Pool** may pay for the loss in money or may repair or replace the valuable papers and records and may settle any **Claim** for loss of the valuable papers and records either with the **Member** or the owner thereof.



- (ii) Application of the coverage to valuable papers and records of more than one person shall not operate to increase the applicable limit of coverage.
- (iii) Notice to any representative **of the Pool** or knowledge possessed by any representative or by any other person shall not effect a waiver or a change in any part of this extension or stop the **Pool** from asserting any right under the terms of this extension nor shall the terms of this extension be waived or changed, except by endorsement issued to form a part of this extension.

j. Definition of Valuable Papers.

The term **Valuable Papers and Records** means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, but does not mean **Money or Securities**.

k. Exclusions That Apply to Valuable Papers:

This section does not provide coverage for:

- (i) Loss or damage due to any dishonest, fraudulent or criminal act by any **Insured**, or any officer, director or trustee of the **Member**, whether acting alone or in collusion with others.
- (ii) Loss of or damage to **Property**, if that **Property** cannot be replaced with like kind or quality.
- (iii) Loss of or damage to **Property** held as samples or for sale or delivery after sale.
- (iv) Loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

2. **Accounts Receivable**

In consideration of the **Member** contribution paid and subject to the terms, conditions and exclusions of this **Agreement**, and to the following terms, conditions and exclusions, this coverage description is extended to cover:

a. Subject of Coverage:

- (i) All sums due to the **Member** from customers and others provided the **Member** is unable to effect collection thereof

as the direct result of loss of or damage to records of accounts receivable.

- (ii) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectable by such loss or damage.
- (iii) Collection expenses in excess of normal collection costs and made necessary because of the loss or damage.
- (iv) Other expenses, when reasonable, incurred by the **Member** in re-establishing records of accounts receivable following loss or damage.

b. Perils Covered:

All risks of direct physical loss or damage to the **Member's** records of accounts receivable occurring during the period of this **Coverage Agreement**, except as specified in this section.

c. Perils Excluded:

This extension does not cover against:

- (i) Loss due to any fraudulent, dishonest or criminal act by any **Insured** or an officer, director or trustee of the **Member**, whether acting alone or in collusion with others.
- (ii) Loss due to bookkeeping, accounting or billing errors or omissions.
- (iii) Loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of **Claim** for loss, which the **Member** can prove through evidence, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
- (iv) Loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of **Money**, **Securities** or other **Property** but only to the extent of such wrongful giving, taking, obtaining or withholding.



- (v) Loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

d. Sum Covered.

- (i) The **Pool** shall not be liable under this extension for more than the respective sum covered stated in the declarations in respect of each loss or series of losses arising out of one event.
- (ii) Application of the coverage to the accounts receivable of more than one person shall not operate to increase the applicable limit of coverage.

e. Conditions.

After payment of loss, all amounts recovered by the **Member** on accounts receivable for which the **Member** has been indemnified shall belong to and be paid to the **Pool** by the **Member** up to the total amount of loss paid by the **Pool**, but all recoveries in excess of those amounts shall belong to the **Member**.

f. Determination of Receivables, Deductions.

- (i) When there is proof that a loss covered by this extension has occurred but the **Member** cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the **Member's** monthly statements and shall be computed as follows:
  - (A) Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
  - (B) Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve months immediately preceding the month in which the loss occurs, or such part thereof for which the **Member** has furnished monthly statements to the **Pool** as compared with the average for the same months of the preceding year;
  - (C) The amount determined under (i), increased or decreased by the percentage calculated under subsection (ii), shall be the agreed total amount

of accounts receivable as of the last day of the fiscal month in which the loss occurred;

- (D) The amount determined under subsection (iii) above, shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which the statement has been rendered.
- (ii) There shall be deducted from the total amount of accounts receivable, however established, the amount of the accounts evidenced by records not lost or damaged, or otherwise established or collected by the **Member**, and an amount to allow for probable bad debts which would normally have not been collectable by the **Member**. All unearned interest and service shall be deducted.

## 5. **Property In Transit**

### a. Coverage for **Property In Transit**.

In consideration of the **Member** contribution paid and subject to the terms, limits and conditions of this **Agreement**, and to the following conditions and exclusions, coverage is extended to: personal property of the **Member** or **Property** held by the **Member** in trust or on commission or on consignment for which the **Member** may be held legally liable while in due course of transit within the limits of the continental United States of America (excluding Hawaii) and Canada, against all risks of direct physical loss or damage to the **Property** covered occurring during the period of this **Coverage Agreement** (including general average and salvage charges on shipments covered while waterborne).

### b. Exclusions that Apply to Transit:

This extension does not cover against:

- (i) Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of glass or other fragile articles, marring, scratching, exposure to light, or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes or

apparatus, sprinkler leakage, vandalism and malicious mischief, theft or attempted theft.

- (ii) Loss of use, delay or loss of markets.
- (iii) Loss or damage caused by or resulting from misappropriation, conversion, infidelity or any dishonest act on the part of the **Member** or other party of interest, the **Member's** employees or agents or others to whom the **Property** may be delivered or entrusted (carriers for hire excepted).
- (iv) Loss or damage caused by breakdown or derangement of refrigerating units.
- (v) Accounts, bills, currency, **Money**, notes, **Securities**, deeds, evidences of debt and valuable papers.
- (vi) Vehicles designed for highway use.
- (vii) Data processing equipment and media, including but not limited to film, tape, disc, drum, cell and other recording or storage media for data processing.
- (viii) **Property** in due course of ocean marine transit.
- (ix) Shipments by mail after delivery into the custody of the Post Office.

c. Conditions that Apply to Transit:

- (i) The **Member** may accept without prejudice to this **Coverage Agreement** the ordinary bills of lading or receipts issued by carriers including those constraining released or partially released value provisions, but the **Member** shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.
- (ii) **Property** covered by this section shall be valued as follows:
  - (A) Sold **Property** at the actual net invoice price of the **Member**;
  - (B) Unsold **Property** at the actual cash value of the **Property** at the time the loss or damage occurs with proper deduction for depreciation and in no



event to exceed what it would cost to repair or replace the **Property** with material of like kind and quality.

5. **Loss of Rents**

- a. It is hereby understood and agreed that subject to all terms, conditions and exclusions otherwise applicable to Part V – Property Coverage Section A. 1. of this **Coverage Agreement** is extended to cover loss of rents directly resulting from the necessary untenantability of a covered building caused by damage to the building or its contents by a peril covered against, and for which a limit of liability for loss to rents has been specified in the declarations.
- b. If the described building or any part of the building, whether rented at the time or not, shall be rendered untenable by the perils covered against, the **Pool** shall be liable to the **Member** for an amount not exceeding the actual loss sustained based upon loss of rents of such untenable parts, not exceeding the limit of liability covering against loss of rents, not for more than one-twelfth of such limit when in the declarations for any one month, and proportionate part thereof for any period less than one month. In case any portion of the building is occupied and used by the **Member**, this **Coverage Agreement** shall extend to and cover the rental value of that portion in the same manner as if under lease to a tenant.
- c. Liability under this **Coverage Agreement** is extended to include actual loss as sustained during the period of time, not exceeding two weeks, when as a direct result of a peril covered against, access to the **Member's** locations are prohibited by order of civil authority.
- d. The **Pool** shall not be liable for any increase of loss, which may be occasioned by the suspension, lapse or cancellation of any lease, license or contract, nor for any increase or loss due to interference at the **Member's** locations by strikers or other persons with regard to restoration of the premises to a tenantable condition.
- e. For the purpose of this **Coverage Agreement**, the term "Rents" shall mean the determined rents and **fair market** rental value, less the charges and expenses that do not necessarily continue after **Occurrence** of the peril.

6. ~~Debris Removal~~

~~Debris removal is limited to 25% of the total Property Damage loss. This Coverage Agreement also covers, within the sum covered:~~

- ~~a. Expenses incurred in removal from the premises of the Member of debris of the covered Property destroyed or damaged; and~~
- ~~b. The cost of clean up at the premises made necessary as result of the loss or damage. It is a condition precedent to recovery under this extension that the Pool shall have paid or agreed to pay for physical loss or damage and that the Member shall give notice to the Pool of the intent to file a Claim for cost of removal of debris or cost of clean up NO LATER THAN 12 MONTHS AFTER THE DATE OF SUCH PHYSICAL LOSS OR DAMAGE.~~

#### 7. Unnamed Locations

It is hereby understood and agreed that subject to the limits of coverage and all terms, conditions and exclusions of this **Agreement**, coverage is extended to real property that is not listed on the **Member's** stated value of Property Schedule, and not otherwise covered, for direct physical loss or damage.

#### 7. Limits of Coverage

The most the **Pool** will pay for loss or damage in any one **Occurrence** is the applicable Limit of Coverage shown in the declarations in Section I.B.

## PART VICRIME COVERAGE SECTION

### A. Money and Securities

#### 1. Property Covered:

**Money and Securities** inside the **pPremises** or outside the **pPremises** or in **bBanking** premises are covered under this Agreement.

#### 2. Perils Insured:

The perils insured ~~include~~**are** theft, disappearance, destruction, burglary, and robbery.

#### 3. Coverage Description:

This Agreement will indemnify **Members** for loss of and loss from:

- a. **Money and Securities inside the Premises or Banking premises.**
- b. Damage to a safe, vault, cash register, cash box or cash drawer located inside the **pPremises** resulting directly from an actual or attempted theft of, or unlawful entry into a container of **Property** covered.
- c. **Money and Securities** outside the **pPremises** in the care and custody of a **mMessenger**.
- d. ~~Loss of Property covered~~ **Money and Securities** outside the **pPremises** in the care and custody of an armored vehicle company. However, the **Member** will be indemnified only for the amount of loss that the **Member** cannot recover under the **Member's** contract with the armored motor vehicle company and from any insurance or indemnity carried by or for the benefit of customers of the armored motor vehicle company.

#### 4. Exclusions:

In addition to the General Exclusions of this **Coverage Agreement**, there is no coverage under the Crime Coverage for loss or damage due to:

- a. **Money or Securities** after they have been transferred or surrendered to a person or place outside the **pPremises** based upon unauthorized instructions or as a result of a threat to do bodily harm or damage to any **Property**. But this exclusion does not apply to loss of covered **Property** **Money or Securities** while



outside the **pPremises** or in **bBanking premises** or in the care and custody of a **mMessenger** if the **Member**:

- (i) Had no knowledge of any threat at the time the conveyance began; or
- (ii) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

**b. Loss resulting from the giving or surrendering of ~~Property~~ Money or Securities in any exchange or purchase.**

**c. Loss of ~~Property~~ Money or Securities in any Money operated device unless the amount of Money deposited in it is recorded by a continuous recording instrument in the device.**

**d. Loss resulting from accounting or arithmetical errors or omissions.**

**e. Loss resulting from the Member, or any person acting on the Member's express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any Money or Securities.**

**5. Additional Duties in the Event of Loss:**

If a **Member** has reason to believe that any loss of or loss from damage to property involves a violation of law, the **Member** must notify the police.

**6. Definitions that Apply to Money and Securities:**

**Banking premises** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

**Burglary** means the taking of **Property** from inside the **pPremises** by a person unlawfully entering or leaving the **pPremises** as evidenced by marks of forcible entry or exit.

**Messenger** means the **Member**, any of the **Member's** directors, officers, elected or appointed officials, trustees, volunteers or any employee while having care and custody of the **Property** outside the **pPremises**.

**Robbery** means the taking of **Property** from the care and custody of a person by one who has caused or threatened to cause that person bodily harm or by one who has committed an obviously unlawful act witnessed by that person.

**Theft** means any act of stealing.

**B. Forgery or Alteration**

1. Coverage Description.

The **Pool** will indemnify the **Member** for loss involving **Covered Instruments** resulting directly from the perils insured. **Covered Instruments** means checks, drafts, promissory notes, or similar written promises, orders or directions to pay a certain sum in **Money** that are made or drawn by or drawn upon by the **Member** or made or drawn by one acting as the **Member's** agent or that are purported to have been so made or drawn.

2. Perils Covered.

**Forgery** or alteration of, on or in any **Covered Instrument**. **Forgery** means the signing of the name of another person or organization with intent to deceive; it does not mean a signature that consists, in whole or in part, of one's own name signed with or without authority, in any capacity, for any purpose.

~~3. Coverage Description:~~

~~The **Pool** will indemnify **Members** under this section for loss due to the **Member's** good faith acceptance of any United States or Canadian post office, express company or national or state (or Canadian) chartered bank money order that is not paid upon presentation to the issuer. The **Pool** will also indemnify **Members** for counterfeit United States or Canadian paper currency received in exchange for merchandise, **Money** or services or as part of a normal business transaction.~~

4. Additional Conditions:

- a. Mechanically reproduced facsimile signatures will be treated the same as handwritten signatures.
- ~~b. For the purposes of this coverage section, the word **Instrument** has the same meaning as covered **Property**.~~
- c. The **Member** must include with proof of loss any instrument involved in that loss or, if that is not possible, an affidavit setting forth the amount and cause of loss.

- B.** The **Pool** will indemnify **Members** under this section for loss due to the **Member's** good faith acceptance of any United States or Canadian post office, express company or national or state (or Canadian) chartered bank money order that is not paid upon presentation to the issuer. The **Pool** will also indemnify **Members** for counterfeit United States or Canadian paper currency received in exchange for merchandise, **Money** or services or as part of a normal business transaction.



**C. Employee Dishonesty**

1. Coverage Description.

The **Pool** will indemnify **Members** for the loss of or damage to business personal property, including **Money** and **Securities** owned or held by the **Member** or for which the **Member** is liable.

2. Perils Covered.

Direct loss of or damage to **Property** covered resulting from dishonest acts committed by any of the **Member's** employees, acting alone or in collusion with others, that occur within the period of insurance.

3. Faithful Performance.

The **Pool** will indemnify the **Member** under this Section for loss to **Property** covered through the failure of an employee to faithfully perform duties as prescribed by law or to account properly for all **Property** covered. Coverage includes loss due to the inability of the employee to faithfully perform these duties because of a criminal act committed by someone other than an employee. However, loss resulting from the failure of any entity acting as depository for the **Member's Property** is excluded from coverage.

4. Definitions:

**Dishonest acts** means dishonest or fraudulent acts committed with the apparent intent to cause the **Member** to sustain loss or damage and to obtain financial benefit for the employee or for any other employee, person or organization. The financial benefit does not include salaries, commissions, bonuses, fees, profit sharing or other employee benefits.

5. Exclusions:

In addition to the General Exclusions of this **Coverage Agreement**, there is no coverage under the Crime Coverage for loss or damage due to:

- a. Damage where the only proof of the loss or amount of the loss is dependent upon an inventory or a profit and loss computation;
- b. Loss that is not discovered within one year after the end of the period of insurance;
- c. Legal expenses for any indirect loss;
- d. Loss caused by any employee required to be individually bonded;



- e. Loss caused by any employee or predecessor in interest of the **Member** for whom similar prior insurance has been cancelled and not reinstated since the last cancellation;
- f. Loss resulting directly or indirectly from trading, whether in the **Member's** name or in a genuine or fictitious account;
- g. Loss caused by a treasurer or tax collector by whatever name known.

6. Employee Benefit Plans:

- a. Any employee benefit plan of the **Member** shown in the declarations shall be covered for employee dishonesty under this Section VI.D.
- b. Any payment made by the **Pool** to the **Member** for a loss sustained by an employee benefit plan shall be held by the **Member** solely for the use and benefit of the plan sustaining the loss.

**E. Limit of Liability.** The most the **Pool** will pay as the result of any one loss is limited as described in the Limits of Coverage shown in Section I.B. of this **Agreement** less the amount of the **Insured's** deductible. For purposes of determining the Limit of Coverage, losses arising from a single act or event or a series of related acts or events shall be deemed to be a single loss.

**F. Indirect Loss.** The coverage provided by this Section VI does not apply to loss that is an indirect result of any act covered by this **Agreement** including, but not limited to, loss resulting from:

- 1. A **Member's** inability to realize income that it would have realized had there been no loss of or damage to **Money, Securities** or other **Covered Property**.
- 2. Payment of damages of any type for which a **Member** is legally liable, but the **Pool** will pay compensatory damages arising directly from a loss covered under this Section VI.
- 3. Payment of costs, fees or other expenses a **Member** incurs in establishing either the existence or the amount of loss under this **Agreement**.

**G. Conditions**

- 1. **Cancellation As To An Employee**

- a. Coverage under this Section VI is cancelled as to any **Employee** immediately upon discovery by any official or employee authorized to manage, govern or control **Employees** of any dishonest act committed by an **Employee**.
- b. Coverage under this Section VI may also be cancelled as to any **Employee** on the date specified in a notice mailed to the **Member**.

## 2. Covered Property

The property covered under this Section VI is limited to property that the **Member** owns or leases, holds for others or for which the **Member** is legally liable. However, this coverage is for the benefit of the **Member** only. It provides no rights or benefits to any other person or organization. Any claim for loss under this coverage must be presented by the **Member**.

## 3. Records

The **Member** must keep records of all property covered under this Section VI so that the **Pool** may verify the amount of any loss.

## 4. Recoveries

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this Section VI will be distributed as follows:
  - i. To the **Member**, until the **Member** is reimbursed for any loss that it sustains that exceeds the Limit of Coverage and the deductible amount, if any;
  - ii. Then to the **Pool**, until the **Pool** is reimbursed for the settlement made; and
  - iii. Then to the **Member**, until the **Member** is reimbursed for that part of the loss equal to the deductible amount, if any.
- b. Recoveries do not include any recovery:
  - i. From insurance, suretyship, reinsurance, security, or indemnity taken for the **Pool's** benefit; or
  - ii. Of original **Securities** after duplicates of them have been issued.

## 1. Valuation – Settlement

- a. Subject to the Limit of Coverage, the **Pool** will pay for:



- i. Loss of **Money**, but only up to and including its face value.
  - ii. Loss of **Securities** but only up to and including their value at the close of business on the day the loss was discovered. The **Pool** may, at its option:
    - A. Pay the value of such **Securities** or replace them in kind, in which event the **Member** must assign to the **Pool** all of its rights, title and interest in and to those **Securities**; or
    - B. Pay the cost of any bond required in connection with issuing duplicates of the **Securities**. The **Pool** will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of:
      - 1. The value of the **Securities** at the close of business on the day the loss was discovered; or
      - 2. The Limit of Coverage.
  - iii. Loss of or damage to other covered property for the replacement cost of the property without deduction for depreciation. However, the **Pool** will not pay more than the least of the following:
    - A. The Limit of Coverage applicable to the lost or damaged property;
    - B. The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or
    - C. The amount the **Member** actually spends that is necessary to repair or replace the lost or damaged property.
- The **Pool** will not pay on a replacement cost basis for any loss or damage:
- D. Until the lost or damaged property is actually repaired or replaced; and
  - E. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.



If the lost or damaged property is not repaired or replaced, the **Pool** will pay on an actual cash value basis.

- b. Any property that the **Pool** pays for or replaces becomes the property of the **Pool**.

**C. Definition of Employee**

For purposes of this Section VI, the following definition applies:

**1. Employee means:**

a. Any natural person:

- i. While in the **Member's** service or for 30 days after termination of service;
- ii. Who the **Member** compensates directly by salary or wages; and
- iii. Who the **Member** has the right to direct and control while performing services for the **Member**.

- b. Any natural person who is an elected or appointed official of the **Member** while in the **Member's** service or for 30 days after termination of service.

c. Any natural person who is furnished temporarily to the **Member**:

- i. To substitute for a permanent **Employee** as defined in Paragraph a. above, who is on leave; or

- ii. To meet seasonal or short-term work load conditions;

while that person is subject to the **Member's** direction and control and performing services for the **Member**, excluding, however, any such person while having care and custody of property outside the **Premises**.

- d. Any natural person who is leased to the **Member** under a written agreement between the **Member** and a labor leasing firm, to perform duties related to the conduct of the **Member's** business.

e. Any natural person who is:

- i. A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any employee benefit plan(s) covered under this Section VI; and

- ii. The **Member's** official while that person is handling funds or other property of any employee benefit plan(s) covered under this Section VI.
- f. Any natural person who is a former elected or appointed official, **Employee** or trustee retained as a consultant while performing services for the **Member**.
- g. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the **Premises**.
- 1. **Employee** does not mean any agent, independent contractor or representative of the same general character.

## PART VIILIBILITY COVERAGE SECTION

### A. General Liability

#### 1. Coverage Agreements

- a. The Pool agrees to pay those sums that the **Insured** becomes legally obligated to pay as **Money Damages** because of **Bodily Injury, Property Damage, Personal Injury or Law Enforcement Personal Injury** to which this coverage applies. The **Bodily Injury, Personal Injury or Law Enforcement Personal Injury or Property Damage** must be caused by an **Occurrence**. This coverage includes but is not limited to **Host/Liquor Liability, Products Liability, Completed Operations, Incidental Malpractice** (see endorsement for **Limited Professional Health Care Services**) and **Law Enforcement Activities**.
- b. Notwithstanding the Agreements above, the Pool shall not be liable to pay on behalf of or indemnify the **Insured** for any sum which the **Insured** shall be obligated to pay if a judgment or final adjudication in any action brought against the **Insured** shall be based on a determination that acts of fraud or dishonesty were committed by the **Insured**.
- c. Except for Public Officials Errors & Omissions coverage and Employee Benefits Liability coverage, the coverage under this Section VII. applies to **Bodily Injury, Property Damage, Personal Injury, or Law Enforcement Personal Injury** only if:
  - (i) The injury or damage occurs during the **Agreement** period; and
  - (ii) Prior to the **Agreement** period, no **Insured** and no employee authorized by the **Member** to give or receive notice of an **Occurrence** or **Claim** knew that the injury or damage had occurred, in whole or part. If an **Insured** or authorized employee knew, prior to the **Agreement** period, that the injury or damage had occurred, then any continuation, change or resumption of such injury or damage during or after the **Agreement** period will be deemed to have been known prior to the **Agreement** period.



- d. **Bodily Injury, Property Damage, Personal Injury, or Law Enforcement Personal Injury** will be deemed to have been known to have occurred at the earliest time when any **Insured** or any employee authorized by the **Member** to give or receive notice of an **Occurrence** or a **Claim**:
  - (i) Reports all, or any part, of the injury or damage to the **Pool** or to any insurer or self-insurance arrangement;
  - (ii) Receives a written or verbal demand or **Claim for Money Damages** because of the injury or damage; or
  - (iii) Becomes aware by any other means that the injury or damage has occurred or has begun to occur.
- e. Public Officials Errors & Omissions coverage and Employee Benefits Liability coverage under this Section VII. is provided on a "claims made" basis, as described in Section II.A. of this **Agreement**.

## 2. Definitions That Apply To General Liability

**"Completed Operations"** means **Bodily Injury** or **Property Damage** arising out of operations or reliance upon a representation or warranty made at anytime with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after the operations have been completed or abandoned and occurs away from premises owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith.

- a. Operations shall be deemed completed at the earliest of the following times:
  - (i) When all operations to be performed by or on behalf of the **Member** under the contract have been completed, or
  - (ii) When all operations to be performed by or on behalf of the **Member** at the site of the operations have been completed **if the contract calls for operations at more than one site**, or
  - (iii) When the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.



- b. Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

**“Host/Liquor Liability”** means indemnification for the **Insured’s** liability for the sale or distribution of alcoholic beverage.

**“Incidental Malpractice”** means emergency medical services rendered or which should have been rendered to any person or persons (other than Employees of the **Member** injured during the course of their employment) by any duly qualified medical practitioner, nurse, technician or other employee employed by and acting on behalf of the **Member**. This coverage does not apply to persons rendering medical care pursuant to a contract with the **Named Member**.

**“Money Damages”** means all sums recoverable by law from any liability covered under this **Agreement** excluding punitive damages, but not including any sums awarded for plaintiff’s attorney fees under 42 U.S. Code, Section 1988 in any case in which monetary damages are not specifically sought or not awarded.

**“Products Liability”** means **Bodily Injury** or **Property Damage** arising out of the **Member’s** products or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs away from premises owned by or rented to the **Member** and after physical possession of such products has been relinquished to others.

**“Suit”** means an action in which a complaint, requesting **Money Damages** to which this insurance applies, has been filed in court. **“Suit”** also includes an alternative dispute resolution proceeding alleging such damages to which the insured must submit or submits with both our consent, and our agreement to pay for defense.

### 3. Exclusions Applicable To General Liability

The **Pool** will provide a defense and indemnification, subject to a reservation of all exclusions and defenses, to any **Member’s** public official, employee or authorized volunteer who is alleged to have committed an act of sexual harassment. In no event shall indemnity be provided for any damages awarded against a **Member’s** public official, employee or authorized volunteer where it is determined by the court that the claimant was willfully and intentional sexually and physically abused or molested.

In addition to the general exclusions of this **Coverage Agreement**, this section does not apply to:

- a. Any **Claim** for damages, whether direct or consequential, or for any cause of action which is covered under any other section of this **Agreement**.

- b. **Bodily Injury, Personal Injury, Law Enforcement Personal Injury or Property Damage** intended or expected from the standpoint of the **Insured**. This exclusion does not apply to **Bodily Injury, Personal Injury or Law Enforcement Personal Injury** resulting from the use of reasonable force to protect persons or property.
- c. **Damages claimed for any loss, cost or expense incurred by the Insured or any other person for** the withdrawal, inspection, repair, replacement, or loss of use of the **Member's** products or work completed by or on behalf of the **Member** or of any **Property** of which such products or work form a part, if such products, work or **Property** are withdrawn from the market, or from use, because of any known or suspected defect or deficiency therein.
- d. Any liability arising out of the operation, **ownership, maintenance, use, load or unloading, or entrustment to others** of any aircraft, airport or any other aviation activities. **This exclusion applies even if the claims against any Insured allege negligence or other wrongdoing in the supervision, hiring, employment, training, or monitoring of others by that Insured.**
- e. Any obligation for which the **Member** may be held liable under any workers' compensation, unemployment compensation, disability benefits law, employers liability or under any similar law or to bodily injuries to any employee or to any liability for indemnity or contribution brought by any party for bodily injuries to any employee.
- f. **Bodily Injury, Property Damage, Personal Injury, Law Enforcement Personal Injury** or any other damages whatsoever caused by the maintenance, operation, **loading or unloading, entrustment to others** or use of an **Automobile**.
- g. Any investigatory, disciplinary or criminal proceedings against an individual **Insured** except that the **Pool** may at its own option assign counsel in the defense of any such investigatory, administrative or disciplinary proceeding. Should the **Pool** elect to assign counsel that shall not constitute a waiver or estoppel of any rights the **Pool** may have pursuant to the terms, conditions, exclusions, and limitations of this **Agreement**.
- h. Any **Claim** arising out of a dishonest, fraudulent or criminal act. The **Pool** may elect to defend an **Insured** until it is determined that

the **Claim** did arise out of a dishonest, fraudulent or criminal act without a waiver of any rights under this **Agreement**.

- i. Any **Claim** seeking relief or redress, in any form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for monetary damages under the Americans with Disabilities Act.
- j. To any **Claim** arising out of a breach of contract.
- k. To medical or hospital expenses or costs incurred by the **Insured** in providing or furnishing medical aid or treatment to an inmate or detainee at a jail or correctional facility as a result of the **Insured's** statutory or constitutional obligation to furnish medical or hospital care to an inmate or detainee within its physical custody; this exclusion does not apply to **Claims** brought by an inmate alleging the **Insured**, through the acts or omissions of its representatives or employees, caused injury to an inmate or violated his constitutional or civil rights by not providing medical care or treatment.
- l. Employment Related Practices.
- m. ~~m.~~ Any **Claim** made against an **Insured** in his or her personal capacity.
- n. **Mobile Equipment** while used in any professional or organized racing or demolition contest or stunting activity or while practicing for such contest or activity or being prepared for such contest or activity.

4. **Specific Conditions Liability Section**

a. **Defense, Judgment and Settlement**

- (i) The **Pool** has the right and duty to defend any **Suit** against the **Insured** claiming **Money Damages** for which coverage is afforded under this **Agreement** for an **Occurrence** ~~during the Agreement period~~, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make such investigation **of any Occurrence** and settlement of any **Claim** or **sSuit** as it deems expedient. No defense will be provided for **Claims** made against an **Insured** in his or her personal capacity. The **Pool** has the right to select



counsel; however, an **Insured** may hire co-defense counsel, at **Insured**'s expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool**'s duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the **Pool** to indemnify the insured if the alleged facts were proven. The **Pool** will only be responsible for payment of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the applicable limits of liability have been exhausted.

- (ii) The limits of liability set forth in the General and Auto Liability Sections shall include all costs, attorney's fees and expenses awarded to an adverse party in a litigated or contested **Claim**. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of liability set forth.
- (iii) In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this section regarding third parties. If execution against the **Insured** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this section.

## 5. Limit of Liability

- a. The Limits of Coverage of this **Agreement** and the rules below fix the most the **Pool** will pay regardless of the number of:
  - (i) **Insureds**;
  - (ii) **Claims** made or **Suits** brought; or
  - (iii) **Persons** or organizations making **Claims** or bringing **Suits**.
- b. The **Pool**'s liability ~~for damages~~ as the result of any one **Occurrence** is limited as described in the Limits of Coverage shown in Section I.B. of this **Agreement** less the amount of the **Insured**'s deductible.
- c. ~~c.~~ For the purpose of determining the limit of liability, all damages arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as

arising out of one **Occurrence**. All injury or damage that is attributable directly or indirectly to one cause or one series of similar causes will be added together and the total amount will be treated as one **Occurrence** for purposes of determining the limits of liability, irrespective of the period of time or area over which such injury or damage occurs.

**B. Public Officials Errors and Omissions Liability**

**1. Coverage Agreements**

- a. The **Pool** agrees, subject to the limitations, terms and conditions of this **Agreement**, to defend any **Suit** and pay on behalf of the **Insured** all **Money Damages** incurred by the **Insured** by reason of any **Claim arising out of any Wrongful Act** arising out of any **Claim** first made during the period of this **Coverage Agreement**, or any applicable extended reporting period. Coverage for **Public Officials Errors and Omissions Liability** under this section is provided on a claims-made basis, as described in section II.A. of this **Agreement**.
- b. The **Pool** will pay on behalf of the **Insured**, **Money Damages** and expenses incurred by the **Pool**, the cost of attachment or similar bonds (but without any obligation on the part of the **Pool** to apply for or furnish such bonds), and costs, charges and expenses incurred in connection with any governmental investigation provided that a **Claim** is brought against the **Insured** for a **Wrongful Act** that is or was a subject of a governmental investigation, and that **Claim** is otherwise covered by this **Agreement**.

**5. Exclusions Applicable To Errors & Omissions Liability**

In addition to the general exclusions of this **Coverage Agreement**, this section shall not apply to any **Claim** made against the **Insured**:

- a. Based upon or attributable to them gaining in fact any personal profit or advantage to which they were not legally entitled including remuneration paid in violation of law as determined by the courts.
- b. Brought about or contributed to by fraud, dishonesty or criminal act of any **Insured**.
- c. Arising out of the deliberate violation of any federal, state, or local statute, ordinance, rule, or regulation committed by or with the knowledge and consent of the **Insured**.



- d. Based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if that opinion, treatment, consultation or service was rendered or failed to have been rendered while the **Insured** was engaged in any activity for which they received compensation from any source other than as a public entity or an employee of a public entity.
- e. Arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans or to injury to, destruction or disappearance of any tangible Property (including Money) or the loss of use thereof.
- f. Arising out of the failure to supply a specific amount of electrical power or fuel arising out of the interruption of the electrical power or fuel supply.
- g. For which the **Insured** is entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **Claim** under any agreement or agreements the term of which has commenced prior to the inception date of this **Agreement**.
- h. Arising out of or in any way involving any employee benefit plan of the **Member**.
- i. For any **Claim** covered under the General Liability section or any other section of this **Agreement**.
- j. Any liability arising out of the operation, ownership, maintenance, use, loading or unloading, or entrustment to others of any aircraft, airport or any other aviation activities. This exclusion applies even if the claims against any **Insured** allege negligence or other wrongdoing in the supervision, hiring, employment, training, or monitoring of others by that **Insured**.
- k. Seeking relief or redress in any other form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for **Money Damages** under the American with Disabilities Act.
- l. Arising out of a breach of contract other than an implied-in-fact employment contract.



- m. Any **Claim** resulting from an ~~Occurrence~~, **Wrongful Act** which commences prior to the **Retroactive Date**, set in the General Coverage Declarations.
- n. To any **Claim** for back pay, overtime pay or other incidents of compensation or benefits due to a **Member's** employees.
- o. For any liability arising out of the providing or, or failure to provide, professional services by any lawyer, architect, engineer, or accountant.

### 3. **Limits of Liability.**

- a. The Limits of Coverage of this **Agreement** and the rules below fix the most the **Pool** will pay regardless of the number of:
  - (i) **Insureds**;
  - (ii) **Claims** made or **Suits** brought; or
  - (iii) Persons or organizations making **Claims** or bringing **Suits**.
- b. The **Pool's** liability as the result of any one **Wrongful Act** is limited as described in the Limits of Coverage shown in Section I.B. of this **Agreement** less the amount of the **Insured's** deductible.
- c. **Claims** or **Suits** based on or arising out of the same act or interrelated acts of one or more **Insureds** will be considered to be based on a single **Wrongful Act** for purposes of determining the limits of liability, irrespective of the time or area over which the acts occur.

### 4. **Defense, Judgment and Settlement**

- a. The **Pool** has the right and duty to defend any **Suit** against the **Insured** claiming **Money Damages** for which coverage is afforded under this section , even if any of the allegations of the suit are groundless, false, or fraudulent, and may make such investigation of any incident and settlement of any **Claim** or **Suit** as it deems expedient. The **Pool** has the right to select counsel; however, an **Insured** may hire co-defense counsel, at **Insured's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool's** duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the **Pool** to indemnify the insured if the alleged facts were proven. The **Pool** will only be responsible for payment of that

portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the applicable limits of liability have been exhausted through the payment of judgments or settlements.

- b. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of liability set forth.
5. In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this section regarding third parties. If execution against the **Insured** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this section.

#### D. Employee Benefits Liability

##### 1. Coverage Agreements

In consideration of the ~~Insured~~**Member** contribution charged and subject to the terms, exclusions and definitions of this **Agreement**, the ~~Pool~~ agrees to pay on behalf of the **Insured** ~~all~~**any Money Damages** sums which the **Insured** shall become legally obligated to pay as a result of ~~Money Damages sustained by an employee, prospective employee, former employee or the beneficiaries or legal representatives thereof in the administration of the Member's employee benefit programs as defined in this section and caused by any negligent act, error or omission by the Insured, or any other person for whose acts the Member is legally liable, committed in the Administration of the Member's Employee Benefit Programs as defined in this section occurring during the coverage period and then only if Claim is made or Suit is brought during the coverage period or as defined under General Coverage Conditions.~~ **Coverage for Employee Benefits Liability under this section is provided on a claims-made basis, as described in section II.A. of this Agreement.**

##### 2. Definitions

**"Employee Benefit Programs"** means group life insurance, group health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers compensation, unemployment insurance, social security, disability benefits insurance and travel, savings or vacation plans.

The unqualified word **"Administration"** wherever used means:

- a. Giving counsel to employees with respect to the employee benefits program;



- b. Interpreting the employee benefit programs;
- c. Handling records in connection with the employee benefits program; or
- d. Effecting the enrollment, termination or cancellation of employees under the employee benefits programs; provided all such acts are authorized by the **Member**.

2. **Exclusions Applicable To ~~Errors & Omissions~~ And Employee Benefits Liability**

In addition to the general exclusions of this **Coverage Agreement**, Employee Benefits Liability does not apply to:

- a. Any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination or humiliation.
- b. **Bodily Injury** to, or sickness, disease, or death, of any person, or to injury to or destruction of any tangible property including the loss of use thereof.
- c. Any **Claim** for failure of performance of contract by any insurer, including failure of any employee benefit program.
- d. Any **Claim** based upon the **Insured's** failure to comply with any law concerning workers' compensation, unemployment insurance, social security or disability benefits **or any similar law**.
- e. Any **Claim** based upon:
  - (i) Failure of ~~stock~~**any investment** to perform as represented by any **Insured**;
  - (ii) Advice given by an **Insured** to an employee to participate or not to participate in stock subscription plans **or any other plan included in an Employee Benefit Program**;
  - (iii) The investment or non-investment of funds; **or**;
  - (iv) **Errors in providing information on past performance of any investment vehicle.**
- f. Any **Claim** arising out of an insufficiency of funds to meet any obligations under any **Employee Benefit Program**.



- g. Any **Claim** arising out of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or any similar federal, state, or local laws.
  - h. Any liability arising out of taxes, fines, or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.
  - i. Any **Claim** arising out of wrongful termination of employment, discrimination, or other employment-related practices.
- 4. In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this section regarding third parties. If execution against the **Insured** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this section.
- 5. **Limits of Liability.**
  - a. The Limits of Coverage of this **Agreement** and the rules below fix the most the **Pool** will pay regardless of the number of:
    - (i) **Insureds**;
    - (ii) **Claims** made or **Suits** brought; or
    - (iii) Persons or organizations making **Claims** or bringing **Suits**.
  - b. The **Pool's** liability as the result of any one act, error, or omission is limited as described in the Limits of Coverage shown in Section I.B. of this **Agreement** less the amount of the **Insured's** deductible.
  - c. **Claims** or **Suits** based on or arising out of the same act, error, or omission or interrelated acts, errors, or omissions of one or more **Insureds** will be considered to be based on a single act for purposes of determining the limits of liability, irrespective of the time or area over which the acts occur.
- 6. **Defense, Judgment and Settlement**
  - a. The **Pool** has the right and duty to defend any **Suit** against the **Insured** claiming **Money Damages** for which coverage is afforded under this section, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make such investigation of any incident and settlement of any **Claim** or **Suit** as it deems expedient. The **Pool** has the right to select counsel; however, an

**Insured** may hire co-defense counsel, at **Insured's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool's** duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the **Pool** to indemnify the insured if the alleged facts were proven. The **Pool** will only be responsible for payment of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the applicable limits of liability have been exhausted through the payment of judgments or settlements.

- b. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of liability set forth.

## PART VIIIAUTOMOBILE LIABILITY SECTION

### A. Coverage Agreements

The **Pool** agrees to pay for those sums, which the **Insured** becomes legally obligated to pay as ~~d~~**Damages** because of **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance or use of any **Member** owned **Automobile**, or **Hired Auto**, subject to the limitations, terms and conditions of this **Coverage Agreement**. The **Claim** or lawsuit must be the result of an **Accident** and be brought solely by reason of ~~b~~**Bodily i****Injury** (including death resulting at any time from the **Accident**) or **Property d****Damage** or destruction of property or its loss of use arising out of the ownership, maintenance or use of an **Member** owned **Automobile** or **Hired Automobile**. Expenses are covered in addition to the limit of liability.

### B. Definitions That Apply To Auto Liability

**"Hired Auto"** means those **Autos** that a **Member** leases, hires, rents, or borrows. This does not include any **Auto** leased, hired, rented or borrowed from a **Member's** employees, or members of their households.

**"Insured"** means a **Member**. **"Insured"** also includes the following:

1. Under Part VIII A. **Automobile** Liability Section (which describes **Automobile** liability coverage), any person while using an **Automobile** owned by the **Member** or a **Hired Automobile**, and any person or organization legally responsible for the use thereof, provided the actual use of the **Automobile** is by any official, trustee, director, officer or employee of the **Member** or the **Insured** or with his permission and any official of the **Member** with respect to the use of **Non-Owned Automobiles** in the business of the **Member**. This coverage, with respect to any person or organization other than the **Member**, does not apply:
  - a. To any person or organization or to any of their agents or employees operating an **Automobile** sales agency, repair shop, service station, storage garage or public parking place, with respect to any **Accident** arising out of those operations;
  - b. To any employee of a person or organization other than the **Member** with respect to injury or sickness, disease or death during the course of employment in an **Accident** arising out of the maintenance or use of the **Automobile** in the business of the outside employer;



- c. With respect to any **Hired Auto**, to the owner or lessee, other than the **Member**, nor to any agent or employee, or that owner or lessee.

**“Non-Owned Automobiles”** means only those **Automobiles** a **Member** does not own, lease, hire, rent or borrow that are used in connection with the **Member’s** employees or members of their households but only while used in the **Member’s** business.

### **C. Exclusions That Apply To Auto Liability**

In addition to the general exclusions of this **Coverage Agreement**, this **Agreement** does not cover:

1. Any **Claim** for damages or for any cause of action, which is covered under any other section of this **Agreement**.
2. Uninsured and/or Underinsured Motorists Liability.
3. **Bodily Injury or Property Damage** expected or intended from standpoint of the **Insured**.
4. Any obligation for which the **Insured** or the **Insured’s** insurer may be held liable under any workers’ compensation, disability benefits, or unemployment compensation law or any similar law.
5. **Bodily Injury** to an employee of the **Insured** arising out of and in the course of (a) employment by the **Insured**, or (b) performing duties related to the conduct of the **Insured’s** business or **Bodily Injury** to any other person arising out of such **Bodily Injury** to the employee. This exclusion applies regardless of whether the **Insured** may be liable as an employer or in some other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.
6. **Bodily Injury** to any fellow employee of the **Insured** arising out of an in the course of the fellow employee’s employment or while performing duties related to the conduct of the **Member’s** business.
7. Covered **Automobiles** while used in any professional or organized racing or demolition contest or stunting activity or while practicing for such contest or activity or being prepared for such contest or activity.

### **D. Specific Conditions — Auto Liability**

1. In the event that liability is incurred by reason of **Bodily Injury** suffered by any employee of a **Member** which does not arise out of the injured employee’s employment and for which another **Member** is liable, then

this **Agreement** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.

2. In the event that liability is incurred by reason of **Property Damage** to property belonging to any **Member** for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.

Nothing contained in this condition shall operate to increase the **Pool's** limits of liability.

**E. Limits of Liability.**

1. Regardless of the number of **Insureds**, **Claims** made or **Suits** brought, covered **Automobiles** or vehicles involved in an accident, premiums paid, or persons or organizations making **Claims** or bringing **Suits**, the most the **Pool** will pay for the total of all damages resulting from any one **Accident** is as described in the Limits of Coverage in Section I.B. of this **Agreement** less the amount of the **Insured's** deductible.
2. All **Bodily Injury** and **Property Damage** resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one **Accident**.

**F. Defense, Judgment and Settlement**

1. The **Pool** has the right and duty to defend any **Suit** against the **Insured** claiming damage for which coverage is afforded under this section, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make such investigation of any **Accident** and settlement of any **Claim** or **Suit** as it deems expedient. The **Pool** has the right to select counsel; however, an **Insured** may hire co-defense counsel, at **Insured's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool's** duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the **Pool** to indemnify the insured if the alleged facts were proven. The **Pool** will only be responsible for payment of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the applicable limits of liability have been exhausted through the payment of judgments or settlements.
2. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of liability set forth.



- G.** In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this section regarding third parties. If execution against the **Insured** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this section.





# Utah Counties Insurance Pool

## Endorsements

### Endorsement No. 1

#### Named Members

This endorsement attaches to and forms part of Policy No. UCIP-04.100

The effective date of this endorsement is January 1, 2004.

It is understood and agreed that the **Pool** is comprised of the following participating **Members**:

Beaver County  
Box Elder County  
Cache County  
Carbon County  
Daggett County  
Davis County  
Duchesne County  
Emery County  
Garfield County  
Grand County  
Iron County  
Juab County  
Kane County  
Millard County  
Morgan County  
Piute County  
Rich County  
San Juan County  
Sanpete County  
Sevier County  
Tooele County  
Uintah County  
Utah County  
Wasatch County  
Washington County  
Wayne County  
Weber County

Subject otherwise to all terms, clauses and conditions of this policy.

# Utah Counties Insurance Pool

## Endorsements

### Endorsement No. 2

#### Utah Governmental Immunity Act

This endorsement attaches to and forms part of Policy No. UCIP-04.100

The effective date of this endorsement is January 1, 2004.

It is hereby understood and agreed that coverage will apply to ~~c~~**C**laims and actions for which immunity is not available under, or is waived by the ~~Insured~~**INSURED** or by a **Member**, ~~under~~ the Utah Governmental Immunity Act, Utah Code Ann. §63-30-1 et. seq. (1997 & Supp.1998), as amended from time to time, and to defense and supplementary payments only as defined in this **Agreement**, for such ~~c~~**C**laims and actions. Notwithstanding, any such waiver of the Utah Governmental Immunity Act, as amended from time to time, must be approved by the **Pool** and the **Member** for coverage to attach in excess of the applicable immunity limits.

All other terms and conditions remain unchanged.



# Utah Counties Insurance Pool

## Endorsements

### Endorsement No. 3

#### Exclusion of War, Military Action and Terrorism

The following is added under Part III, EXCLUSIONS, of the Property Coverage:

- A. The Standard War and Military Action Clause(s) is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the War and Military Action Exclusion does not apply, that Exclusion is hereby added as follows:

1. War and Military Action

We will not pay loss and damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. War, including undeclared or civil war; or
- b. Warlike action by a military force, including action hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War and Military Exclusion ~~supercedes~~ **supersedes** the Nuclear Hazard Exclusion.

The following Exclusion is added:

3. Terrorism

We will not pay for loss or damage caused directly or indirectly by terrorism, including action in hindering or defending against an actual or expected incident of terrorism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Terrorism means activities against persons, organizations or property of any nature:

- a. That involve the following or preparation for the following:
  - (i) Use or threat of force or violence;
  - (ii) Commission or threat of a dangerous act; or
  - (iii) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
- b. When one or both of the following applies:
  - (i) The effect is to intimidate or coerce a government, or to cause chaos among the civilization population or any segment thereof, or to disrupt any segment of the economy; or
  - (ii) It is reasonable to believe that the intent is to intimidate or coerce a government, or to seek revenge or retaliate, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

But with respect to any such activity that also comes within the terms of the War and Military Action Exclusion, that exclusion ~~supercede~~<sup>supersedes</sup> this Terrorism Exclusion.

In the event of an act of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion ~~supercede~~<sup>supersedes</sup> the Nuclear Hazard Exclusion.

## Utah Counties Insurance Pool

### Endorsements

#### Endorsement No. 4

##### Limited Professional Health Care Services

This endorsement attaches to and forms part of ~~Section Two~~ **Part VII** – Liability, Policy No. UCIP-04.100, Part B – Public Officials Errors & Omissions Liability.

The effective date of this endorsement is January 1, 2004.

Notwithstanding Exclusion C. of Part III – General Coverage Exclusions, it is understood and agreed that:

A. Limited Professional Health Care Services is added to Part VII – Liability, Policy No. UCIP-04.100, Part B – Public Officials Errors & Omissions Liability, but only as respects coverage for the **Named Member** and any duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

B. The following definition is added to Part VII – **Liability, Part B – Public Officials Errors & Omissions**: ~~Liability Coverage Section, A.2 – Definitions:~~

**3. “Limited Professional Health Care Services” means Bodily Injury or Personal Injury** arising out of the rendering or failure to render medical services by any duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

However, **Limited Professional Health Care Services** does not include service provided by:

1. a hospital or emergency room facility;
2. a physician, medical doctor, osteopath, chiropractor, resident, extern, or intern;
3. a psychiatrist;
4. a pharmacist;



5. a dentist, orthodontist, or periodontist; and
6. any other licensed health care professional other than any duly qualified Psychologist, Physician Assistant, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

# Utah Counties Insurance Pool

## Endorsements

### Endorsement No. 5

#### Health Districts

This endorsement attaches to and forms part of Policy No. UCIP-04.100.

The effective date of this endorsement is January 1, 2004.

It is understood and agreed that the **Pool** provides coverage for the following Health Districts.

For the purposes of this endorsement and extending coverage to Health Districts, the definition of **Insured**, on page 17 of this **Agreement**, is expanded to include the Health Districts named below:

Bear River Health Department  
Central Utah Public Health Department  
Southeastern Utah District Health Department  
Southwest Utah Public Health Department  
Tooele County Health Department  
TriCounty Health Department  
Wasatch County Health Department  
Weber-Morgan Health Department

Subject otherwise to all terms, clauses and conditions of this policy.

# Utah Counties Insurance Pool

## Endorsements

### Endorsement No. 6

#### Errors & Omissions Retroactive Dates

This endorsement attaches to and forms part of Policy No. UCIP-04.100.

The effective date of this endorsement is January 1, 2004.

It is understood and agreed that the **Pool** provides Errors & Omissions coverage for the **Insured** on the following retroactive dates:

Beaver County	January 1, 1992	San Juan County	January 1, 1992
Box Elder County	January 1, 1992	Sanpete County	January 1, 1992
Cache County	January 1, 1992	Sevier County	January 1, 1992
Carbon County	January 1, 1998	Tooele County	January 1, 2004
Daggett County	January 1, 2000	Uintah County	January 1, 1992
Davis County	January 1, 1992	Utah County	January 1, 1992
Duchesne County	January 1, 1992	Wasatch County	January 1, 1992
Emery County	January 1, 1992	Washington County	January 1, 1992
Garfield County	January 1, 1992	Wayne County	January 1, 1992
Grand County	January 1, 1992	Weber County	January 1, 1998
Iron County	January 1, 1992	Bear River Health Department	July 1, 2003
Juab County	January 1, 1993	Central Utah Public Health Department	July 1, 2003
Kane County	January 1, 1992	Southeastern Utah District Health Department	July 1, 2003
Millard County	January 1, 1993	Southwest Utah Public Health Department	July 1, 2003
Morgan County	January 1, 2003	Tooele County Health Department	July 1, 2003
Piute County	January 1, 1992	TriCounty Health Department	July 1, 2003



Rich County	January 1, 1992	Utah County Health Department	July 1, 2003
		Wasatch County Health Department	July 1, 2003
		Weber-Morgan Health Department	July 1, 2003

Subject otherwise to all terms, clauses and conditions of this policy.

## Utah Counties Insurance Pool

### Endorsements

#### Endorsement No. 7

#### **Search and Rescue Operations**

This endorsement attaches to and forms part of Policy No. Form No. UCIP-04.100

The effective date of this endorsement is January 1, 2004.

This endorsement replaces Exclusion R of Part III, General Exclusions.

This endorsement provides coverage for **Bodily Injury**, Personal Injury, and/or Property Damage to the below named **Member's** Search and Rescue Operations.

#### SCHEDULE

County: \_\_\_\_\_

Approved to Carry Weapons as directed by the Sheriff \_\_\_\_ YES \_\_\_\_ NO

## Utah Counties Insurance Pool

### Endorsements

#### Endorsement No. 8

##### Limited Coverage for Land Use Matters

This endorsement attaches to and forms part of Policy No. Form No. UCIP-04.100

The effective date of this endorsement is January 1, 2004.

It is hereby agreed and understood this **Agreement** does not provide coverage for any liability arising out of the principles of eminent domain, condemnation proceedings or **cClaims**, inverse condemnation or **cClaims**, and regulatory taking by whatever name called, land use actions, zoning, rezoning or failure to zone, whether that liability accrues directly against the **Insured** or by virtue of any agreement entered into, by or on behalf of the **Member**. **Claims** alleging civil rights violations arising out of any of the listed proceedings are also excluded.

However a defense will be provided, up to a maximum of \$25,000 annual aggregate per **Member** for **cClaims** in inverse condemnation. The sub-limited amount applies to defense costs of the **Member** only and cannot be applied to pay a settlement, plaintiff's costs or legal fees. Claims for injunctive relief and Boards of Adjustment appeals to District Court are not eligible for defense costs.

Subject otherwise to all terms, clauses and conditions of this Agreement.



**AFFIDAVIT OF DAN McCONKIE**

STATE OF UTAH                                 )  
  :SS  
COUNTY OF SALT LAKE                     )

File w/  
Dec 15  
minutes

Dan McConkie, being duly sworn upon oath, deposes and says:

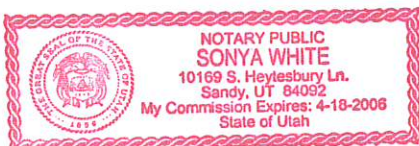
1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 15 day of December, 2005, presided over a meeting of the Utah Counties Insurance Pool Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.
3. That a quorum of the Utah Counties Insurance Pool Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

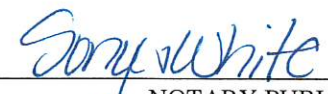
FURTHER, Affiant saith not.

DATED this 15 day of December, 2005.

  
DAN McCONKIE, President  
Utah Counties Insurance Pool

On the 15 day of Dec 2005, personally appeared before me Dan McConkie, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.

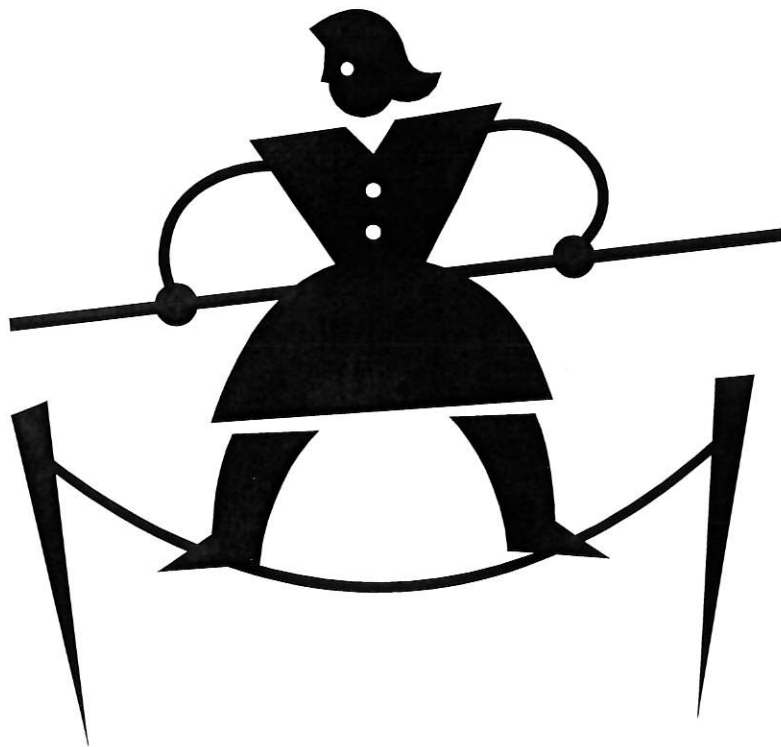


  
NOTARY PUBLIC  
Residing at: Sandy UT  
My Commission Expires: 4-18-08



# Utah Counties Insurance Pool

## THE RISK MANAGEMENT PROGRAM 2006







<p align="center"><b>SECTION ONE PREREQUISITES</b></p> <p><i><b>The following prerequisites must be met before the county can receive any premium credit:</b></i></p>	
<input type="checkbox"/>	<p>1.1 A risk manager who is responsible for the implementation of the UCIP Risk Management Program must be appointed by the county Commission/Council.</p> <p><i><b>Please list the name &amp; title of the person responsible:</b></i></p>
<input type="checkbox"/>	<p>1.2 The county must respond to each risk review or walk-through inspection conducted by UCIP within 30 days of receipt of the report.</p> <p><i><b>This section will be verified by UCIP staff.</b></i></p>
<input type="checkbox"/>	<p>1.3 ALL policy renewal information must be received by UCIP on or before <b><u>31 August, 2006.</u></b> (NO EXCEPTIONS.) <b>Contact Sonya White for details.</b></p>
<input type="checkbox"/>	<p>1.4 a. Provide a <b>written statement</b> to be received by UCIP on or before <b><u>1 June, 2006</u></b> (NO EXCEPTIONS), stating that the County has checked the driving record of each employee or volunteer who is expected to drive on county business.</p> <p>b. Provide a copy of the driving record to UCIP for any individual who has one or more of the following:</p> <ul style="list-style-type: none"> <li>i. DUI (drugs or alcohol), or alcohol related reckless during last 12 mos.</li> <li>ii. Two or more moving violations during last 12 months, or</li> <li>iii. Driver's license revoked or suspended in the last 12 months.</li> </ul> <p>b. Maintain records obtained for each insured pursuant to 1.4a on file until June 1, 2006 and make them available for inspection upon request of the Pool.</p>
<input type="checkbox"/>	<p>1.5 All information and documents required by the Risk Management Program (other than those required by sections 1.3 and 1.4 shall be received by UCIP on or before <b><u>30 November 2006</u></b> in order to be considered in the calculation of premium credit. <b>Contact Mark Brady for details.</b></p> <p><i><b>This section will be verified by UCIP staff.</b></i></p>
<input type="checkbox"/>	<p>1.6 The <b>county must have written policies and procedures for handling claims and lawsuits.</b> This may be accomplished through circulation of a memo. The written policy or memo <b>must state that all lawsuits and Notice of Claims received shall be forwarded to the individual designated by the county.</b> The policy shall also require said individual to send a copy of all potential UCIP-covered claims by mail, fax, or electronically to the UCIP Claims Manager within two business days of receipt of claim.</p> <p><i><b>Please attach a copy of the policy/memo.</b></i></p>

<input type="checkbox"/>	<p>1.7 All potential UCIP-covered claims are reported to the UCIP Claims Manager within ten days after receipt of the claim along with:</p> <ul style="list-style-type: none"> <li>a. A completed notice of claim form;</li> <li>b. A copy of the claim;</li> <li>c. Copies of all relevant reports, including police reports.</li> </ul> <p><b><i>This section will be verified by UCIP staff.</i></b></p>
<input type="checkbox"/>	<p>1.8 <b>The county notifies UCIP within one business day of serious occurrences</b> likely to give rise to litigation or significant liability. These occurrences include:</p> <ul style="list-style-type: none"> <li>a. Any accidents involving death, hospitalization, or personal injury;</li> <li>b. Vehicle pursuits which result in death, injury of any person, or destruction of third party property;</li> <li>c. Shootings involving deputies;</li> <li>d. Involuntary terminations which the county reasonably believes might result in litigation;</li> <li>e. Sexual harassment allegations which the county reasonably believes might result in litigation;</li> <li>f. Planning and zoning issues where the parties threaten litigation or that are likely to result in claims or lawsuits.</li> </ul> <p><b><i>This section will be verified by UCIP staff.</i></b></p>
<input type="checkbox"/>	<p>1.9 <b>The county must adopt a formal policy in writing</b> establishing an Accident Board(ARB). The ARB must :</p> <ul style="list-style-type: none"> <li>a. Meet on a regular basis, but not less than quarterly (unless there are no accidents to review);</li> <li>b. <b>Keep written minutes</b> and a copy of the minutes shall be made available to UCIP upon request;</li> <li>c. All accidents involving county drivers (including road department and Sheriff's Office personnel) and/or vehicles that have been reported to UCIP must be reviewed by the safety committee/ARB; and <b>Copies of the accident reviews, or reports must be sent to UCIP.</b></li> </ul> <p><b><i>Please provide a copy of the policy or ordinance. Also provide copies of reports generated to Mark Brady.</i></b></p>



**SECTION TWO  
VEHICLE SAFETY  
MAXIMUM CREDIT: 22 Points**

<input type="checkbox"/>	<p><b>2.1 Prerequisites. The following prerequisite, must be met in order to receive credit under this section:</b></p> <p>Driver's licenses (Motor Vehicle Reports) of all operators of county vehicles and those who the County should reasonably anticipate will drive a vehicle in the scope of employment are checked:</p> <ul style="list-style-type: none"> <li>a. Before extending offer of employment or, in the alternative, extend a conditional offer of employment based upon County's satisfaction with the drivers license history; and</li> <li>b. Annually to determine status, restrictions, or modifications.</li> </ul> <p><b><i>Please provide a statement from the personnel director verifying the procedures.</i></b></p>
<input type="checkbox"/>	<p><b>2.2</b> The county maintains written records of all maintenance performed on each county-owned vehicle or heavy equipment.</p> <p><b><i>Please specify where the records are kept and who maintains them:</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>
<input type="checkbox"/>	<p><b>2.3</b> The county has the following written policies:</p> <ul style="list-style-type: none"> <li>a. Use of seat belts required of all drivers and passengers in county vehicles;</li> <li>b. All accidents involving county vehicles are to be reported immediately to the department head;</li> <li>c. A cell-phone use policy for drivers of motor vehicles.</li> </ul> <p><b><i>Please attach a copy of the policies.</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>
<input type="checkbox"/>	<p><b>2.4</b> The county has a written policy that employees who have, while driving in the course of employment, caused two or more vehicle accidents as determined by the ARB within a two-year period of time shall lose driving privileges, be reassigned to a non-driving position, or be terminated from employment.</p> <p><b><i>Please attach a copy of the policies.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p><b>2.5</b> The county has, within the last five years, conducted the National Safety Council four-hour Defensive Driver Course--<b>or a UCIP-approved or UCIP-conducted defensive driver course--for <u>all</u> county employees and volunteers who drive while on county business.</b></p> <p><b><i>Please attach a copy of the attendance rosters from the DDC course(s).</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>

<input type="checkbox"/>	<p>2.6 The county has an incentive program for county employees who drive while in the course of employment that recognizes and rewards those who have not caused any accidents, nor had any moving violations during the previous year. Such a program would, at minimum, recognize Public Works employees and Sheriff's Office employees.</p> <p><b><i>Please describe the program.</i></b></p> <p style="text-align: right;">Maximum Credit: 4 Points</p>
<input type="checkbox"/>	<p>2.7 The county:</p> <ul style="list-style-type: none"> <li>a. Requires each insured who is expected to drive a motor vehicle within the scope of his or her employment and has <b>an offense as set forth in Section 1.4</b>, above, to complete a driver-training course which is approved by or, offered by the Pool, prior to September 1 of the current year.</li> <li>b. Requires each insured who is expected to drive a county vehicle within the scope of his or her employment to complete a driver's training course which is approved by, or offered by, the Pool <b>during the first year of employment with the county.</b></li> </ul> <p><b><i>Please attach a copy of the attendance roster from the defensive Driver Course.</i></b></p> <p style="text-align: right;">Maximum Credit: 4 Points</p>

	<p style="text-align: center;"><b>SECTION THREE PERSONNEL MAXIMUM CREDIT: 19 Points</b></p>
<input type="checkbox"/>	<p><b><i>Prerequisites. The following prerequisite, must be met in order to receive credit under this section:</i></b></p> <p>3.1 The following policies must be adopted in writing:</p> <ul style="list-style-type: none"> <li>a. Established procedures for recruitment, interviewing, and hiring;</li> <li>b. Prohibitions against illegal discrimination;</li> <li>c. Established procedures for discipline and termination</li> </ul> <p><b><i>Copies of these policies and sample job description must be attached.</i></b></p> <p>3.2 ADA compliant job descriptions are established for each job.</p> <p><b><i>A sample copy of several job descriptions must be attached.</i></b></p> <p>3.3 The county has verified that it does/does not comply with the requirements of the County Personnel Management Act.</p> <p><b><i>Please attach a statement indicating that the county does or does not comply with the County Personnel Management Act. If the county does not comply with the Act, please give the legal justification for non compliance.</i></b></p>
<input type="checkbox"/>	<p>3.4 The county has adopted a policy that states clearly at the beginning of the policy that the policy does not create a contract between the county and the employee.</p> <p><b><i>Please attach a copy of the policy.</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>
<input type="checkbox"/>	<p>3.5 The county has written personnel policies and procedures and has made a copy available to each employee and explained to the employee in writing where a copy of the policies can be obtained for reference. Each employee has signed a statement that the employee has been oriented and that the employee knows how to access the policy.</p> <p><b><i>Please attach a sample signature page.</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>

<input type="checkbox"/>	<p>3.6 The county has adopted a written drug and alcohol testing program that is consistent with federal and state statutes. The policy contains the following elements when applicable:</p> <ul style="list-style-type: none"> <li>a. Pre-employment testing;</li> <li>b. Reasonable suspicion testing;</li> <li>c. Post accident testing in accordance with county policy;</li> <li>d. Random testing in accordance with federal regulations for drivers holding a Commercial Driver's License (CDL);</li> <li>e. Policy regarding positive results which includes a statement of the employee's rights</li> </ul> <p><b><i>Please attach a copy of the policy.</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>
<input type="checkbox"/>	<p>3.7 The county reviews and/or updates the personnel policies and procedures annually and that each employee is notified of the each update.</p> <p><b><i>Please list the last date the policy was reviewed/updated—describe notification procedure.</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>
<input type="checkbox"/>	<p>3.8 The county conducts <b>annual training of all supervisory personnel</b>, including elected officials, <b>on the county's personnel policies and procedures</b>. The County provides Harassment and Employee Discipline training for supervisors every twenty-four months.</p> <p><b><i>Please list the training dates and attach an agenda</i></b></p> <p style="text-align: right;">Maximum Credit: 7 Points</p>
<input type="checkbox"/>	<p>3.9 The county has adopted a written Title VII harassment policy that:</p> <ul style="list-style-type: none"> <li>a. States the type of conduct prohibited;</li> <li>b. Does not require or advise the victim to address a complaint to the alleged harasser;</li> <li>c. States clearly how a complaint may be made and to whom;</li> <li>d. Provides for an alternate to whom a complaint may be made and at least one of the persons to whom a complaint may be made is a female; and</li> <li>e. Clearly states the appeals process or refers to the county's appeals process under which an appeal for specified personnel actions may be made.</li> </ul> <p><b><i>Please attach a copy of the policy.</i></b></p> <p style="text-align: right;">Maximum Credit: 4 Points</p>



	<p style="text-align: center;"><b>SECTION FOUR</b>  <b>LAW ENFORCEMENT</b>  <b>MAXIMUM CREDIT: 24 Points</b></p>
<input type="checkbox"/>	<p><b><i>The following prerequisites must be met in order to receive credit under this section:</i></b></p> <p>4.1 The following policies must be adopted in writing:</p> <ul style="list-style-type: none"> <li>a. Use of force;</li> <li>b. Vehicle pursuits;</li> <li>c. Searches and seizures; and</li> <li>d. Jail policies regarding mail, religious observances, and grievances.</li> </ul> <p><b><i>Please list the sections or page numbers in the S.O. policies where the above referenced policies are located</i></b></p>
<input type="checkbox"/>	<p>4.2 The Sheriff's Office has adopted the Utah Jail Standards.</p> <p><b><i>Please provide documentation of the adoption of the Standards</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>
<input type="checkbox"/>	<p>4.3 All Sheriff's Deputies, unless they are assigned to Corrections, are <b>required</b> to receive at a minimum, one (1) hour of <b>Annual</b> training in the following areas: Use of Force, Domestic Incident, Forcible Entry, Arrest and Detention, and Search and Seizure. The training may emphasize practical application, a review of legal requirements, or some combination of the two.</p> <p><b><i>Please provide a list of the dates and topics or rosters for each training session.</i></b></p> <p style="text-align: right;">Maximum Credit: 7 Points</p>
<input type="checkbox"/>	<p>4.4 All Corrections personnel are <b>required</b> receive at a minimum, one (1) hour of <b>Annual</b> training in each of the following areas: Use of Force (emphasizing use of force in the corrections setting), Search and Seizure, Religious Rights, Mail, Medical Care, and Inmate Discipline. The training may emphasize practical application, a review of legal requirements, or some combination of the two.</p> <p><b><i>Please provide a list of the dates and topics or rosters for each training session.</i></b></p> <p style="text-align: right;">Maximum Credit: 7 Points</p>
<input type="checkbox"/>	<p>4.5 Sheriff's Office personnel who engage in <b>patrol operations</b> shall receive <b>Annual</b> training in Defensive Driving, Pursuit Driving, or Emergency Vehicle Operations (EVO). In-vehicle EVO training shall be provided at least every third year.</p> <p><b><i>Please provide a list of the dates and topics for each training session.</i></b></p> <p style="text-align: right;">Maximum Credit: 8 Points</p>

**SECTION FIVE  
PUBLIC WORKS/ROADCREW  
MAXIMUM CREDIT: 11 Points**



***The following prerequisites must be met in order to receive credit under this section:***

- 5.1 The county has a written emergency response program for reports of damaged or missing signs that:
- a. Specifies the office or employee to which reports are to be forwarded;
  - b. Specifies the priority for response to a report of a missing or damaged sign;
  - c. Specifies that "stop" signs are to be replaced immediately, and, when necessary, the county will request the Sheriff's Office to respond to a report of missing or damaged "stop" signs at hazardous intersections until the sign is replaced; and
  - d. Requires that all reports of missing or damaged signs are kept along with a written report stating the replacement or repair date, the employee who made the repair, and the time the repair was made.

***Please provide a copy of the memo or policy.***

- 5.2 At least one copy of the Manual on Uniform Traffic Control Devices (MUTCD) must be on hand for reference by personnel responsible for the placing and maintaining of traffic control devices.



- 5.3 Written records of regular inspections of all traffic signs must be kept and include any maintenance conducted. Inspections must be conducted at least annually.

***Please provide a sample of the county's inspection report form.***

Maximum Credit: 2 Points



- 5.4 The county must maintain a written (or computerized) inventory of all county-maintained traffic control devices. At least 98% of all signs must be included in the inventory to qualify.

***Please provide a sample form the inventory***

Maximum Credit: 2 Points



- 5.5 County road department shall document that personnel have received job-specific safety training consistent with manufacturer's specifications on heavy equipment and other machinery prior to operation on a particular project.

***Please provide a sample of required training and a statement verifying that training is provided for each operator and the location where documentation is maintained.***

Maximum Credit: 3 Points



- 5.6 County road department personnel have been trained on how to conduct a pre-trip inspection on licensed heavy vehicles, are required to conduct pre-trip inspections, and keep written logs of the inspections in the vehicle.

***Please attach a sample pre-trip inspection form used by the county.***

Maximum Credit: 4 Points

	<p style="text-align: center;"><b>SECTION SIX PLANNING AND ZONING MAXIMUM CREDIT: 5 Points</b></p>
<input type="checkbox"/>	<p><b><i>The following prerequisite must be met in order to receive credit under this section:</i></b></p> <p>6.1 The following must be adopted in writing:</p> <ul style="list-style-type: none"> <li>a. The county must have adopted a General Plan in accordance with the Utah Code;</li> <li>b. The county must have adopted a zoning ordinance in accordance with the Utah Code; and</li> <li>c. The county must have adopted a subdivision ordinance in accordance with the Utah Code.</li> </ul>
<input type="checkbox"/>	<p>6.2 All members of the planning commission have received training within the previous twenty-four months regarding the legal duties of a planning commissioner.</p> <p><b><i>Provide a description of the course or training for each commissioner.</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>
	<p>6.3 All Planning and Zoning Officers and staff have received training regarding the legal duties of their position within the past 12 months.</p> <p><b><i>Provide a description of the course or training for each</i></b></p> <p style="text-align: right;">Maximum Credit: 3 Points</p>

	<p style="text-align: center;"><b>SECTION SEVEN</b>  <b>COUNTY FACILITIES SAFETY AND USE;</b>  <b>COUNTY FAIRS</b>  <b>MAXIMUM CREDIT: 6 Points</b></p>
<input type="checkbox"/>	<p><b><i>The following prerequisite must be met in order to receive credit under this section:</i></b></p> <p>7.1 The county requires third-party users of county-owned or leased facilities, including all facilities insured by the county through UCIP, to sign an indemnification (hold-harmless) agreement approved by the county attorney.</p> <p><b><i>Please attach a copy of the policy and sample hold-harmless agreement or a signed statement certifying that county facilities are not leased or used by third parties.</i></b></p>
<input type="checkbox"/>	<p>7.4 The county has adopted a written policy requiring:</p> <ul style="list-style-type: none"> <li>a. Liability insurance certificates from third parties using county-owned facilities, including all facilities insured by the county through UCIP;</li> <li>b. That the insurance certificate name the county as an additional insured;</li> <li>c. That written criteria be developed specifying when the insurance requirement might be waived;</li> <li>d. That approval by the county governing body or its designate be obtained in writing before waiving the insurance requirement;</li> <li>e. That copies be obtained of all certificates, and that written record of the waiver by the county of the insurance requirement and copies of certificates be kept on file for a period of at least five years; and</li> <li>f. That the certificates be in the amount of at least \$1 million.</li> </ul> <p><b><i>Please attach a copy of the policy.</i></b></p> <p style="text-align: right;">Maximum Credit: 3 Points</p>
<input type="checkbox"/>	<p>7.3 County has a written policy that no alcohol is to be served at county facilities unless additional insurance is obtained and requiring the following:</p> <ul style="list-style-type: none"> <li>a. Additional security around the vendor selling alcohol;</li> <li>b. Hours of service (including no later than one hour before event closing time);</li> <li>c. Designation of non-drinking areas (including parking lots as non drinking areas);</li> <li>d. Stating that alcohol is not to be sold to vendors, employees of any vendor, employees of the fair, employees of any carnival, ride, or attraction, security personnel, or participants in events.</li> </ul> <p><b><i>Counties that have a ban on alcohol at county facilities can receive credit if the policy banning alcohol is attached.</i></b></p> <p style="text-align: right;">Maximum Credit: 1Point</p>
<input type="checkbox"/>	<p>7.4 The county has written policies governing the use of fairgrounds, including use of arenas, buildings, and property. The rules for the use of the facilities are posted at each facility and clearly and conspicuously state that use of the facility as at the risk of the user and the county is not liable for damages or injuries.</p> <p><b><i>Please attach a copy of the policy and verify that the rules are posted at each facility.</i></b></p> <p style="text-align: right;">Maximum Credit: 2 Points</p>



	<p style="text-align: center;"><b>SECTION EIGHT</b>  <b>FIRE DEPARTMENTS/AMBULANCES/EMT</b>  <b>MAXIMUM CREDIT: 5 Points</b></p>
<input type="checkbox"/>	<p><b><i>The following prerequisites must be adopted in writing:</i></b></p> <p>8.1 The county has in writing the operational authority of the fire departments/ambulance services/EMT operating under county jurisdiction, or has interlocal agreements or MOUs with other jurisdictions/agencies when the fire department/ambulance service/EMT is multi-jurisdictional. <b>The agreement or MOU clearly states how liabilities will be apportioned among the jurisdictions/agencies.</b></p> <p><b><i>Please attach a copy of the interlocal agreement(s) and/or MOU.</i></b></p>
<input type="checkbox"/>	<p>8.2 The county has adopted written policies and procedures establishing:</p> <ul style="list-style-type: none"> <li>a. What fire protection/ambulance/EMT services are provided;</li> <li>b. What areas of the county will be serviced; and</li> <li>c. The requirements for responding to fires and medical calls</li> </ul> <p><b><i>Please attach a copy of the policies.</i></b></p> <p style="text-align: right;">Maximum Credit: 1 Point</p>
<input type="checkbox"/>	<p>8.3 The county has a policy that all apparatus/ambulance drivers maintain EVO certification with the Utah Fire and Rescue Academy, or have had defensive driver training within the previous 12 months. No other persons will be allowed to drive apparatus/ambulances.</p> <p><b><i>Please attach a copy of the policy, evidence of certification, or training roster.</i></b></p> <p style="text-align: right;">Maximum Credit: 3 Points</p>
<input type="checkbox"/>	<p>8.4 The county has a policy that all county employee fire fighters be at least wild land firefighter certified in areas where that certification is appropriate.</p> <p><b><i>Please attach a copy of the policy, evidence of certification, or training roster.</i></b></p> <p style="text-align: right;">Maximum Credit: 1Point</p>

	<p style="text-align: center;"><b>SECTION NINE ADDITIONAL CREDIT MAXIMUM CREDIT: 8 Points</b></p>
<input type="checkbox"/>	<p>9.1 The county may qualify for an additional credit for the installation of safety-related devices or the participation in safety related training programs for employees. Please list the device or program below, along with the cost and description of the risk or exposure the device or program is aimed at reducing or eliminating.</p> <p><b><i>Credit will be determined by UCIP staff based on the responses to this section.</i></b></p> <p style="text-align: right;">Maximum Credit: 3 Points</p>
<input type="checkbox"/>	<p>9.2 The county may qualify for credit if supplementary credit the frequency and/or severity of county claims for 2006 is less than that of 2005 as determined by the annual number of reported claims and net incurred loss by December 31 of each year.</p> <p><b><i>Credit will be determined by UCIP staff.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>

**Utah Counties Insurance Pool**

**THE WORKERS'  
COMPENSATION  
LOSS CONTROL  
PROGRAM  
2006**







<p style="text-align: center;"><b>SECTION ONE PREREQUISITES</b></p> <p><i><b>The following prerequisites must be met before the county can receive any premium credit:</b></i></p>	
<input type="checkbox"/>	<p>1.1 A <b>Safety Officer or Coordinator</b> who is responsible for the implementation of the UCIP Workers' Compensation Loss Control Program must be appointed by the county Commission/Council.</p> <p><i><b>Please provide documentation appointing the Safety Officer.</b></i></p>
<input type="checkbox"/>	<p>1.2 A Safety Committee shall be created for the purpose of coordinating training, providing safety inspections, establishing a safety policy, and referring safety recommendations to the governing body.</p> <p><i><b>Please provide a copy of any documentation establishing the committee.</b></i></p>
<input type="checkbox"/>	<p>1.3 Appoint a physician or medical treatment facility to whom employees injured in the workplace will directed for initial assessment and treatment.</p> <p><i><b>Please provide name and date of Physician or facility.</b></i></p>
<input type="checkbox"/>	<p>1.4 <b>ALL</b> policy renewal information must be received by UCIP on or before <b><u>31 August, 2006.</u></b> (NO EXCEPTIONS.) <b>Contact Sonya White for details.</b></p> <p><i><b>This section will be verified by UCIP staff</b></i></p>
<input type="checkbox"/>	<p>1.5 All information and documents required by the Loss Control Program (other than that required by section 1.4 shall be received by UCIP on or before <b><u>30 November 2006</u></b> in order to be considered in the calculation of premium credit. <b>Contact Brody Parker for details.</b></p> <p><i><b>This section will be verified by UCIP staff.</b></i></p>
<input type="checkbox"/>	<p>1.6 <b>The county must have and post written policies and procedures for incident reporting and handling of workers compensation claims.</b></p> <p><i><b>Please attach a copy of the policy/memo.</b></i></p>
<input type="checkbox"/>	<p>1.7 <b>The county must adopt a formal policy in writing</b> establishing a Workers' Compensation Accident Board(ARB). The ARB may be comprised or be a part of the Safety Committee. The ARB must :</p> <ul style="list-style-type: none"> <li>a. Meet on a regular basis, but not less than quarterly (unless there are no accidents to review);</li> <li>b. <b>Keep written minutes</b> of each meeting and forward a copy of the minutes to the UCIP Loss Control Manager;</li> <li>c. All accidents that involve personal injury to county employees or volunteers, or that involve claims that have been reported to UCIP must be reviewed by the safety committee/ARB; and <b>Copies of the accident reviews, or reports must be sent to UCIP.</b></li> </ul> <p><i><b>Please provide a copy of the policy or ordinance. Also provide copies of minutes and reports generated to Brody Parker.</b></i></p>

	<p style="text-align: center;"><b>SECTION TWO</b>  <b>General Safety</b>  <b>MAXIMUM CREDIT: 35 Points</b></p>
<input type="checkbox"/>	<p><b>Prerequisites. The following prerequisite, must be met in order to receive credit under this section:</b></p> <p>2.1 The County must have written safety policies and procedures which must include at a minimum:</p> <ul style="list-style-type: none"> <li>a. a policy requiring new-hire safety orientation,</li> <li>b. a policy for maintaining the safety of walking surfaces.</li> <li>c. a policy for maintaining back-safety,</li> <li>d. an incident investigations protocol,</li> <li>e. a hazards communication policy.</li> </ul> <p><b>Please attach a copy of the policy.</b></p>
<input type="checkbox"/>	<p>2.2 The County shall provide <b>Annual training</b> on some aspect of Occupational Health &amp; Safety for all supervisors. All newly appointed supervisors shall attend UCIP sponsored training on Workers' Compensation procedures and Supervisor Safety within the first year of appointment.</p> <p><b>Please attach a copy of the roster.</b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>2.3 A written Emergency Action Plan for major emergencies such as fire, earthquake, and other natural disasters.</p> <p><b>Please attach a copy of the plan.</b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>2.4 County shall have a return-to-work program that provides, where feasible, a transitional position for injured employees to work if they are temporarily unable to perform the necessary functions of their regular position.</p> <p><b>Please attach a copy of the policy.</b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>2.5 The County has done within the last five years, a job-safety analysis for each position</p> <p><b>Please retain the analysis for review by staff.</b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>2.6 <b>The County notifies UCIP within one business day of serious occurrences</b> likely to give rise to significant Workers' Compensation claims including any accidents involving death, hospitalization, or personal injury involving two or more people.</p> <p><b>This section will be verified by UCIP staff.</b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>2.7 The County performs an annual self assessment safety inspection in each facility on forms provided by UCIP.</p> <p><b>Please provide a copy of completed inspections for each facility.</b></p> <p style="text-align: right;">Maximum Credit: 10 Points</p>

	<p style="text-align: center;"><b>SECTION THREE</b>  <b>VEHICLE SAFETY</b>  <b>MAXIMUM CREDIT: 20 Points</b></p>
<input type="checkbox"/>	<p><b><i>Prerequisites. The following prerequisite, must be met in order to receive credit under this section:</i></b></p> <p>3.1 The county has the following written policies:</p> <ul style="list-style-type: none"> <li>a. The use of seat belts required of all drivers and passengers in county vehicles;</li> <li>b. A distracted driver policy, limiting or eliminating the use of cell-phones and other distractions while the vehicle is in operation.</li> </ul> <p><b><i>Please provide a copy of the policies.</i></b></p>
<input type="checkbox"/>	<p>3.2 The county has, within the last five years, conducted the National Safety Council four-hour Defensive Driver Course--<b>or a UCIP-approved or UCIP-conducted defensive driver course--for <u>all</u> county employees and volunteers who drive while on county business.</b></p> <p><b><i>Please attach a copy of the attendance rosters from the DDC course(s).</i></b></p> <p style="text-align: right;">Maximum Credit: 7 Points</p>
<input type="checkbox"/>	<p>3.3 The county requires each insured who is expected to drive a county vehicle within the scope of his or her employment to complete a driver's training course which is approved by, or offered by, the Pool <b>during the first year of employment with the county.</b></p> <p><b><i>Please attach a copy of the attendance roster from the Defensive Driver Course.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>3.4 The county requires employees who are expected to drive on county business to take an annual refresher course on safe driving practices. This requirement may be satisfied by a UCIP-approved self study process and test; such as video or computerized training, or by publishing an auto-safety newsletter or safety bulletin at least quarterly which employees are required to read and sign.</p> <p><b><i>Please attach a copy of documentation demonstrating compliance</i></b></p> <p style="text-align: right;">Maximum Credit: 8 Points</p>

	<p style="text-align: center;"><b>SECTION FOUR</b>  <b>LAW ENFORCEMENT/AMBULANCE--EMT</b>  <b>MAXIMUM CREDIT: 20 Points</b></p>
<input type="checkbox"/>	<p><b><i>The following prerequisites must be met in order to qualify for credit under this section:</i></b></p> <p>4.1 The Sheriff/Ambulance/EMS/Firefighters have:</p> <ol style="list-style-type: none"> <li>a. Established policies and procedures for dealing with Blood-Borne Pathogens.</li> <li>b. Training new-hires on said policies within the first year of employment.</li> <li>c. Mandatory annual refresher training on said policies.</li> <li>d. Implemented legally required reporting protocols.</li> </ol> <p><b><i>Please provide a copy of the policies and rosters of training.</i></b></p>
<input type="checkbox"/>	<p>4.2 The Sheriff/Ambulance/EMS/Firefighters have established written safety policies and procedures for handling Hazardous Materials. The Sheriff provides training on said policies and procedures at least every twenty-four (24) months.</p> <p><b><i>Please attach a copy of the policy and attendance rosters for the training.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>4.3 The Sheriff/Ambulance/EMS/Firefighters have established policies and procedures for a respiratory protection program consistent with OSHA requirements and provide training as required by law.</p> <p><b><i>Please provide a copy of the policies and training rosters.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>4.4 The Sheriff/Ambulance/EMS/Firefighters have established policies and procedures for personal protective equipment consistent with OSHA requirements and provide training as required by law.</p> <p><b><i>Please attach a copy of the policies and training rosters.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>4.5 The Sheriff has an Emergency Evacuation Plan for Jail facilities and all Corrections Officers shall be trained on the Plan.</p> <p><b><i>Please provide a copy of the plan and a copy of the latest training roster.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>



	<p style="text-align: center;"><b>SECTION FIVE</b>  <b>PUBLIC WORKS/ROADCREW</b>  <b>MAXIMUM CREDIT: 20 Points</b></p>
<input type="checkbox"/>	<p><b><i>The following prerequisites must be met in order to receive credit under this section:</i></b></p> <p>5.1 The County will have at least monthly mandatory safety training for all Road Crew and Road Shop personnel.</p> <p>5.2 Road Shops will be equipped with at least the following:</p> <ol style="list-style-type: none"> <li>a. MSDS for all chemicals used by the department.</li> <li>b. Eye-wash station(s)</li> <li>c. Adequate ventilation for all operations</li> <li>d. All machinery shall be equipped with appropriate safety guards.</li> </ol> <p>5.3 A written policy that all Road Shop personnel shall be required to use adequate Personal Protective Equipment in conformance with industry standards.</p> <p><b><i>Please identify the topics and dates of the safety training. Please provide a copy of the PPE policy.</i></b></p>
<input type="checkbox"/>	<p>5.4 County has a policy requiring trained Flagger personnel on County road projects.</p> <p><b><i>Please provide a copy of the policy.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>
<input type="checkbox"/>	<p>5.5 County has policies and provides training for each of the following:</p> <ol style="list-style-type: none"> <li>a. Lockout/Tagout procedures</li> <li>b. Trenching and excavation safety</li> <li>c. MSHA-required annual training for gravel pit/crusher operations</li> <li>d. Electrical Safety</li> <li>e. Job-Specific safety training for heavy machinery</li> <li>f. Pre-trip inspections.</li> </ol> <p><b><i>Please provide a copy of the policies and latest training rosters for each topic.</i></b></p> <p style="text-align: right;">Maximum Credit: 10 Points</p>
<input type="checkbox"/>	<p>5.6 The Road department shall have at least two employees with continuing certification in first aid/CPR through the American Red Cross or equivalent organization.</p> <p><b><i>Please provide copies of training rosters.</i></b></p> <p style="text-align: right;">Maximum Credit: 5 Points</p>

**SECTION SIX  
OTHER CREDIT  
MAXIMUM CREDIT: 10 Points**



6.1 Additional credit is available for the implementation of safety related devices or programs not already required herein.

***Please provide a description of the devices or programs.***

Maximum Credit: 5 Points



6.2 The County may qualify supplemental credit if the frequency of claims for 2006 is less than that of 2005 as determined by the annual number of reported claims by December 31<sup>st</sup> of each year.

***This section will be determined by UCIP staff.***

Maximum Credit: 5 Points

## **AGENDA ITEM SUMMARY**

### ***Item Description***

Approve contract renewals.

### ***Background, Discussion***

UCIP contracts for the following services with the indicated provider:

1. Actuarial services-By The Numbers Actuarial Consulting, Inc.  
Four year contract expires 8/21/2007
2. Workers' Compensation Third Party Claims Administration-Alternative Service Concepts  
Two year contract expires 12/31/2005
3. Multiline Claims Management System-Mountain View Software  
Three year contract expires 12/31/2006
4. Auditing and Accounting Compilations-Larson and Company-No contract.  
Engagement letter signed annually.
5. New contract with Pfeiffer Consulting for Workers' Compensation services.
6. Client Service Agreement-Marsh USA Risk and Insurance Services.
7. Administrative Agreement-Public Employees Health Program

### ***Recommendation***

Staff recommends continuing with 1,2, and 3. Staff recommends authorizing the CEO to sign an engagement letter for audit only with Larson for the 2005 audit.





## **AGREEMENT**

THIS AGREEMENT, ("Agreement") is made and entered into this 21<sup>st</sup> day of August, 2003, by and between the following parties: By the Numbers Actuarial Consulting, Inc. and Utah Counties Insurance Pool and their successors and assigns, (hereinafter collectively referred to as the "Parties").

### **I. RECITALS**

WHEREAS, Utah Counties Insurance Pool ("UCIP") desires to obtain actuarial consulting services; and

WHEREAS, By the Numbers Actuarial Consulting ("BYNAC") is engaged in the business of providing professional actuarial consulting; and

WHEREAS, BYNAC desires to provide certain actuarial consulting services to UCIP and UCIP desires to have BYNAC provide such services in accordance with the terms hereof and with the Request for Proposals dated June 30, 2003, to which BYNAC responded and was awarded at the UCIP Board of Trustees meeting of July 17, 2003, which is hereby incorporated by reference and made a part of this Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

### **II. AGREEMENT**

#### **A. Obligations of BYNAC**

1. Using data provided by claims administrator pursuant to the timeline of Number 13 below, project historical losses on an occurrence basis by accident year and line of coverage, to ultimate levels, based on UCIP's historical retentions.
2. Estimate ultimate losses, IBNR and outstanding losses on a discounted basis.
3. Compare the latest estimates of ultimate loss with prior projections.
4. Project expected losses for next accident year.
5. Project cash flow outgo and changes in IBNR over the course of future years using estimates of projected 1992-2003 losses.
6. Calculate an Unallocated Loss Adjustment Expense reserve.
7. Provide estimates of funding requirements at confidence levels of 70%, 80%, 90%, and 95%.

Agreement between UCIP and BYNAC

8. Calculate member contributions annually using individual experience within the context of the Pool's overall experience.
9. Provide a final actuarial report including an executive summary (two bound copies and one unbound copy) documenting data used, conclusions, methodology, and assumptions, by timeline of Number 13 below.
10. Provide assistance to the outside financial auditor regarding questions they may have on reconciling their work and yours.
11. Assist UCIP staff to prepare any planned distribution to members of surplus and/or dividends.
12. Assist UCIP staff with preparing cost allocation for member counties for apportioning contributions within respective counties.
13. Develop a contribution schedule for the following year by October 1 of each year and a reserve analysis for previous year by March 1 of each year.
14. The following lines of coverage will be evaluated:
  - a) General/Other Liability, including auto, civil rights, errors and omissions, and
  - b) Law Enforcement, including detention centers.

**B. Obligations of UCIP**

1. UCIP shall promptly provide all claims data and other information as needed by BYNAC to timely complete its work.
2. UCIP shall pay BYNAC its service fees and legitimate expenses, in conformity with the terms of this Agreement.

**C. Mutual Obligations**

1. Ownership of Record and Documents
  - a) All loss, claim, and reinsurance files, both hard copies and electronically generated or stored, are the property of UCIP and are considered confidential information.
  - b) BYNAC agrees not to reproduce, disclose, or disseminate any confidential information acquired or used arising from its fulfillment of this Agreement without the written consent of UCIP.
  - c) Upon termination of this Agreement, BYNAC shall immediately return all original material, any copies, and any compilations prepared for UCIP using original UCIP material, to UCIP.

2. Indemnification and Insurance

- a) BYNAC shall indemnify and save harmless UCIP and its representatives from and against all losses and claims, demands, suits, actions, payments and judgments arising from personal injury or otherwise, brought or recovered against UCIP or its representatives by reason of any act or omission of BYNAC, its agents, servants or employees, in the execution of the contracted work, including any and all expense, legal and otherwise, incurred by UCIP or its representatives in the defense of any claim or suit.
- b) Unless otherwise indicated, BYNAC shall maintain in force at all times while performing the scope of work insurance coverage, which meets as a minimum, the following requirements:
- c) Workers' Compensation Insurance shall be in effect for all of BYNAC's employees performing the Scope of Work. Coverage will provide for statutory limits with an insurance company authorized to write such insurance in all states where the BYNAC's employees will work on this proposal .
- d) Commercial General Liability Insurance as shall protect BYNAC against claims for damages resulting from bodily injury, including wrongful death, and property damage (including broad form property endorsement), which may arise from operations under this contract whether such operations be by BYNAC or by any Subcontractor or anyone directly or indirectly employed by either BYNAC or Subcontractor. The minimum acceptable limits of liability to be provided by such General Liability Insurance shall be \$1 million Combined Single Limits.
- e) Professional Liability Insurance with limits of no less than \$1million. Coverage will include protection for license and trademark infringements. If such coverage is on a claims-made basis, BYNAC must agree to maintain coverage for three years after conclusion of all services performed under this agreement through an extended discovery period.

3. Waiver of Nonperformance

No waiver of any default in performance on the part of BYNAC or like waiver by UCIP, or any breach or a series of breaches of any of the terms,

covenants, or conditions of this agreement shall constitute a waiver of any subsequent breach or a waiver of said terms, covenants or conditions. The pursuit of any remedies referred to herein shall not be construed as a waiver of any other rights and remedies to which either party is entitled under this agreement or otherwise.

4. Entire Agreement

This Agreement, together with the applicable insurance policies, contains the entire agreement between BYNAC and UCIP. There are no other understandings or agreements, verbal or otherwise, in relation thereto, between the parties except as herein expressly set forth.

5. Governing Law

The validity, interpretation, and performance of this agreement shall be controlled and construed according to the laws of the State of Utah. The parties agree to the jurisdiction and venue of any duly authorized Court in Salt Lake County, Utah.

6. Assigns and Subcontracting

This agreement is personal to each of the parties and no party may assign or delegate that party's rights or obligations under this agreement without the written consent of the other party.

**D. Relationship of the Parties**

It is understood and agreed that BYNAC is engaged to perform services under this agreement as an independent contractor. The parties agree that neither party has any relationship with or contractual liability to the other with respect to the subject matter of this agreement other than as set forth.

**E. Term and Termination Provisions**

1. This agreement shall take effect on August 21, 2003 and continue until August 21, 2004, with three consecutive, annual renewals, assuming adequate funding, unless otherwise terminated as provided herein.
2. In the event of a material breach of this agreement, the non-offending party may terminate this agreement by providing 30 day written notice of termination to the other party.



Agreement between UCIP and BYNAC

3. Should either party desire to terminate this agreement for other than cause, the party pursuing the termination must provide 90 days notice of intent to the other party.

**F. Fees**

1. UCIP will pay BYNAC an annual fee of \$8,500 for the two studies as described in A. Obligations of BYNAC. The fee includes one business presentation in Salt Lake City. Any other trips to Salt Lake City will be paid by UCIP at the rate of \$500 per visit.
2. BYNAC may bill up to one half the cost of each study at the beginning of the study and the other half upon acceptance by UCIP.
3. Costs of data or material transfers will be paid by the sender or transmitter.

**G. Notices**

All notices as provided herein shall be in writing, and shall be sent by certified mail, postage prepaid, with return receipt requested to the following address or to such other address as either party may hereafter furnish:

*For Utah Counties Insurance Pool:*

Dannie R. McConkie, President  
Utah Counties Insurance Pool  
5397 South Vine Street  
Salt Lake City, Utah 84107

*For By the Numbers Actuarial Consulting, Inc:*

Lisa Dennison  
By the Numbers Actuarial Consulting, Inc.  
Chesapeake Centre  
205 Powell Place  
Brentwood, TN

Page 6

Agreement between UCIP and BYNAC

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed  
on the date first written above.

UTAH COUNTIES INSURANCE POOL

By: \_\_\_\_\_

Title: \_\_\_\_\_

BYNAC, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

## CLAIMS SERVICE AGREEMENT

This Claims Service Agreement ("Agreement") is entered into as of the 1<sup>st</sup> day of January 2004 by and among **ALTERNATIVE SERVICE CONCEPTS LLC**, a Delaware corporation ("ASC") and **Utah Counties Insurance Pool**, a trust established and existing pursuant to the laws of the state of Utah (the "Pool").

### WITNESSETH:

- A. **WHEREAS**, the Pool is a trust which has been created to provide a comprehensive worker's compensation program to members of the Utah Counties Insurance Pool, a Utah not for profit corporation and the Pool desires to have ASC provide specific services in connection with such self-insurance program; and
- B. **WHEREAS**, ASC is, as of the effective dated of this Agreement, qualified pursuant to the laws of the State of Utah, to do business in the State of Utah and shall remain qualified during the term of this Agreement; and
- C. **WHEREAS**, ASC is licensed in accordance with all applicable regulation and law to perform its obligations under this Agreement; and
- D. **WHEREAS**, as of the effective dated of this Agreement, ASC is engaged in the business of servicing approved workers' compensation self-insurance programs; and
- E. **WHEREAS**, ASC is willing to provide the services set forth in this Agreement subject to the management and control of the Pool by its Board of Trustees and officers and on the terms and conditions hereinafter stated; and
- F. **WHEREAS**, ASC will provide a staff solely dedicated solely to perform its obligations under this Agreement and such staff will be maintained on the leased premises pursuant to the terms of the lease.
- G. **WHEREAS**, as an inducement tot he Pool to engage ASC for its services, ASC desires to acknowledge and agree to non-solicitation, non-competition and nondisclosure obligations set forth in this Agreement;

**NOW, THEREFORE**, for the sum of One Hundred Dollars (\$100.00) paid by each of the parties hereto to the other and the mutual covenants and conditions herein contained, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged the parties agree as follows:

**SECTION 1. Services to be performed by ASC:** **Subject** to the management and control of the Pool by its Board of Trustees and officers, ASC agrees to perform the following services (unless defined below as an Allocated Loss Expense), all services to be provided by ASC shall be provided at the sole cost and expense of ASC:

- A. With regard to CLAIMS ADMINISTRATION; ASC shall:
  - (1) Provide complete claims services necessary for the administration of a comprehensive workers' compensation insurance program. Specifically, ASC will review, prepare, oversee, supervise and timely file all claim and loss reports received from and on behalf of the Pool during the term of this Agreement and process each such claim or loss report in accordance with applicable statutory and administrative regulations of the State of Utah.
  - (2) Conduct a detailed investigation of each reported claim or loss under subparagraph 1.A.(1) above ( hereinafter referred to as a "qualified claim or loss") in accordance with industry-wide best practices;
  - (3) Arrange for independent investigations by medical or other experts to the extent necessary in connection with processing any qualified claim or loss;
  - (4) Pay, pursuant to Section 2B below, medical and death benefits, temporary and permanent disability compensation and other losses and expenses, but only if in the judgment of ASC, each such payment would be prudent for the Pool and the amount of each separate disbursement

- in payment thereof does not exceed \$50,000.00, or the Board of Trustees of the Pool (the "Board of Trustees") or Chief Operating Officer of the Pool specifically approves or directs such action;
- (5) Perform reasonable, necessary and customary administrative and clerical work in connection with qualified claims or losses;
  - (6) Maintain a separate file for each qualified claim or loss, which files include the records, documents and other papers contained therein and any records in electronic format. Each such file and all their contents (including any records in electronic format) shall at all times (whether during or after the term of this Agreement), be and remain the exclusive property of the Pool, shall be available for review by the Pool at any reasonable time and shall be immediately returned or delivered to the Pool upon the termination or expiration of this Agreement or at any other time at the request of the Pool;
  - (7) Acknowledge in writing or by telephone to Pool members receipt of all qualified lost-time claims within twenty-four (24) hours of telephonic or written notification from Pool members of such claim or loss reports;
  - (8) Utilize, to the extent required by applicable law or regulation and as duly authorized and directed by the Pool, medical cost containment services and case management services including, but not limited to possible bill audit, utilization review, peer review and rehabilitation;
  - (9) Prepare, maintain and file all routine records and reports required by applicable state law or regulation with appropriate state and/or federal agencies and rating bureaus. In the event of a special request, the provisions of Section 1A(19) apply;
  - (10) Provide recommended claim reserves and continuous review and updating of claim reserves to reflect establishment and/or changes of such reserves;
  - (11) Assist in connection with the Pool's selection of counsel to defend qualified claims or losses, if requested by the Pool;
  - (12) Assist the Pool's counsel, if requested or if necessary, in preparing the defense of litigated cases, negotiating settlements and pursuing subrogation or contribution actions;
  - (13) Monitor the treatment programs recommended for employees by physicians, specialists and other health care providers by reviewing all reports prepared by them and maintaining all necessary contact with such providers as appropriate;
  - (14) Assist and advise the Pool in interpreting medical reports to consider the circumstances under which an ill or injured employee who desires to do so could return to work in the shortest period of time;
  - (15) Maintain a current estimate of the potential exposure of each qualified claim or loss;
  - (16) Prepare all statistical data necessary and customary for the administration of a comprehensive workers' compensation insurance program will be available through the use of the computer system and furnish to the Pool those claims, loss and other informational and customary reports upon request (unless otherwise set forth below) or as may be otherwise requested by the Board of Trustees from time to time in a form and manner reasonably acceptable to the Pool, including, but not limited to the following:
    - (a) State Reports (as needed)
    - (b) Federal 1099 Information ( annually, in hard copy form and electronic format suitable for filing with the Internal Revenue Service)



- (c) Information required by regulatory authorities (including the Department of Insurance, the Industrial Commission, and the workers' compensation commission)

These reports shall at all times be and remain the exclusive property of the Pool. ASC shall file with the applicable regulatory authority, excess broker, reinsurer, actuary, agents or accountant of the Pool routine and customary reports as required on a periodic basis. In the event of a special request from a regulatory authority, excess broker, reinsurer, actuary, agents or accountant of the Pool, regarding the Pool which request is not routine, customary and periodic, the undersigned parties acknowledge and agree that they shall cooperate to prepare an appropriate response subject to the control and direction by the Pool regarding such response and subject to applicable law. The intent of this provision is to assure accurate information is provided to the applicable regulatory authority or inquiring party in the event of such a special request;

- (17) Provide on line access to the claim system so that the Pool may run reports on a routine basis.
- (18) Submit vouchers, on behalf of the Pool, for all valid claims and losses and all Allocated Loss Expenses incurred in connection with a qualified claim or loss, for which payment has been authorized under this Agreement or by the Board of Trustees or officers of the Pool. It is agreed that ASC shall have authority and control in all matters, subject to any guidelines or directives as may from time to time be established or set forth by the Board of Trustees, pertaining to the payment, processing, investigation and administration of qualified claims or losses within the limits established by this Agreement.
- (19) Provide written narrative reports in compliance with excess carrier guidelines and as otherwise requested by the Pool;
- (20) Promote and implement a toll free call service so those members of the Pool may report claims.

**B.** With regard to MEDICAL CONTROL, ASC shall:

- (1) Assist the Pool, where applicable state rules and regulations permit, in the selection of a panel of physicians or other providers of health care to initially treat employees and a panel of medical specialists to provide long-term, specialty or managed care;
- (2) The Pool will establish and maintain a trust account herein after referred to as the Claims Account. All vouchers will be submitted by ASC to the Pool for prompt payment, payable within three business days of receipt. Any payment in excess of \$50,000 will be approved by the Board of Trustees of the Pool. On behalf of the Pool, contract with as necessary, a medical representative to review and interpret medical reports, coordinate second opinions, and maintain communication with health care providers.

**C.** With regard to EMPLOYEE COUNSELLING, ASC shall:

- (1) If the Pool requests, consult with employee groups in regard to specific aspects of the self-insurance program;
- (2) Assist the Pool in developing policies and procedures to ensure that an employee's return to work or reassignment is consistent with any findings of an appropriate state administrative agency.

- D. With regard to PROGRAM DEVELOPMENT, ASC shall, upon the Pool's request:
- (1) Consult with key personnel of the Pool on the establishment and coordination of necessary procedures and practices to meet any applicable state requirements, all applicable legal requirements and the needs of the Pool;
  - (2) Participate in the orientation of the Pool's personnel who are directly or indirectly involved in the processing of qualified claims or losses;
- E. With regard to Annual Reports of ASC, shall provide the Pool, from time to time as reasonably requested by the Pool, unaudited financial statements of ASC, and, within ninety (90) days following the close of ASC's fiscal year, provide the Pool with audited financial statements of ASC which have been prepared by an independent certified public accountant in accordance with generally accepted accounting principles. Such financial statements shall be kept confidential by the Pool.
- F. ASC agrees to maintain a staff (the "Dedicated Staff") at the leased premises identified on the attached Exhibit A. The Dedicated Staff shall at all times consist of a staff including the minimum of one Claim Administrator, which shall be capable, qualified and licensed to perform their respective functions. The Dedicated Staff of ASC shall work exclusively in the performance at ASC's obligations under this Agreement and shall not be used in any other capacity whatsoever without the prior written consent of the Pool. In addition to the Dedicated Staff, ASC shall provide all other necessary staffing and resources required for the performance of its obligations under this Agreement.

## **SECTION 2. Obligations of the Pool**

- A. In consideration for the services to be provided by ASC as set forth in Section 1 of this Agreement, the Pool shall pay to ASC a service fee ("Service Fee") following the end of each calendar month during the term of this Agreement (each "Service Fee" for each Service Period shall be paid thirty days (30) following the end of each Service Period. The Service Fee shall be an amount based on cost plus twelve (12) per cent. Outlined below are the anticipated expenses, which will be reconciled to actual on a quarterly basis.

## DEDICATED UNIT COST PLUS – estimated expenses

EXPENSE CATEGORY									
Base Salary			\$63,000	1 adjuster @ \$45,500 (start 1/1/04), 1 clerical/administrator at \$30,000 (start at 6/1). Hires on to occur if claim volume justifies it.					
Benefits			\$15,750						
Systems			\$14,985						
Overhead			\$39,804	Includes corporate overhead, rent, utilities, etc.					
Insurance			\$5,563						
Communications			\$6,000						
Travel and Entertainment			\$5,000						
Mail			\$3,000						
Supplies			\$1,500						
Medical Cost Management:									
Fee Scheduling			18%	of savings					
PPO Usage			18%	of savings					
Misscellaneous Fees			\$1,200						
	<b>sub total</b>		155,802\$						
	Profit 12%		\$18,696						
	<b>Total</b>		<b>\$174,498</b>						
One Time Expenses			\$7,550	Set up fees					
	<b>Grand Total</b>		<b>\$181,998</b>						

### Additional Services and Fees<sup>1</sup>

Client Data Transmission .....	\$295 / Release
Carrier Data Transmission .....	\$400 / Release
Data Conversion From Prior Administrator .....	At Cost
On-Line Access (One User) .....	No Charge
Additional Users .....	\$60 / User / Mo
Standard/Customized Reports Produced by the Mutual .....	No Charge
Standard/Customized Reports Produced by <b>asc</b> .....	\$50 / Copy
Systems Training .....	T&E (\$85 / Hr)
Customized Programming .....	\$180 / Hr
Index Bureau Reporting .....	\$6 / Report
Actuarial Data Requests .....	\$50 / Hr
Travel Over 100 Miles .....	T&E (\$85 / Hr)

<sup>1</sup> As required or requested. Most services are optional.

B. ASC will submit vouchers to the Pool for all payments associated with the WC claims.

C. It is the parties' interest that ASC's sole source of revenue, fees or compensation under this Agreement shall be from the Service Fee set forth in Section 2 A above. For purposes of this Agreement, "Allocated Loss Expenses " include the following:

- (1) Fees to attorneys for claims in suit and for representation at hearings or pretrial conferences; and
- (2) Fees to court reporters; and
- (3) All court costs, court fees and court expenses; and
- (4) Pre and post judgment interest paid as a result of litigation; and
- (5) Fees for service of process; and
- (6) Costs for undercover operative and detective services; and
- (7) Costs from employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis or diagrams; and
- (8) Costs from employing experts for their advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought; and
- (9) Costs for independent medical examinations and/or evaluation for rehabilitation and/or to determine the extent of the Pool's liability; and
- (10) Costs of legal transcripts of testimony taken at coroner's inquest, criminal or civil proceedings; and
- (11) Costs for copies of any public records an/or medical records; and
- (12) Costs of depositions and court-reported an/or recorded statements; and
- (13) Costs and expenses of subrogation when referred to outside attorneys; and
- (14) Costs of engineers, handwriting experts and/or any type of expert used in the preparation of litigation and/or used on a one-time basis to resolve disputes; and
- (15) Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss to which the protection or perfection of the subrogation rights of the Pool which must have the explicit prior approval of the Pool; and
- (16) Managed care services provided by ASC, either directly or indirectly through a third party subcontractor.

Allocated Loss Expenses shall not include:

- (1) Fees for attorneys who are employed by ASC except for fees incurred for services rendered under Section 2(D) (1) above; and
- (2) Any fee cost or expense included in the services to be performed by ASC under Section 1 of this Agreement.

D. The Pool shall designate a representative to work closely with ASC to review claim and loss schedules and other payment request schedules so that necessary funds are transferred on a timely basis into the Claims Account.



**SECTION 3. ASC Qualifications and Registration Requirements:**

- A. ASC will as of the effective date of this Agreement and for the duration of this Agreement, qualify, pursuant to the laws of the State of Utah, to do business in the State of Utah.
- B. As of the effective date of this Agreement, and for the duration of this Agreement, ASC will have made application to, and been approved by the appropriate agencies of Utah to engage in the business of servicing workers' compensation self insurance programs. As of the effective date of this Agreement, and for the duration of this Agreement, ASC will maintain all its licenses required by all applicable law and regulation to perform ASC's obligations under this Agreement.

**SECTION 4. Geographic Limitations/Non Solicitation of Customers of Pool:**

This Agreement shall cover all operations of the Pool in the State of Utah. ASC understands and agrees that ASC is performing all services pursuant to this Agreement in a fiduciary capacity on behalf of the Pool. All obligations of ASC to be performed hereunder shall be performed in such a manner and to the level of services as would be required of a fiduciary. ASC also agrees and acknowledges that during the term of this Agreement, and for the two (2) year period following the termination of this Agreement for any reason whatsoever, ASC will not, either directly or indirectly, individually or collectively, or through any insurance agent, claims administrator, insurer or otherwise, write insurance policies for, quote insurance policies to, or solicit, any employer who is a customer of the Pool in Utah.

**SECTION 5. Term of Agreement and Termination:**

- A. The term of this Agreement shall be for a period commencing on January 1, 2004 and ending on January 1, 2006 and this Agreement shall automatically renew for successive one (1) year periods thereafter; provided however, either party may terminate this Agreement at the end of the initial term or any successive term by providing written notice to the other party not later than ninety (90) days prior to the end of the term. Notwithstanding the above, either party may terminate this Agreement immediately for Cause upon providing written notice of such termination for Cause to the other party. For purposes of this Agreement, "Cause" shall mean:
  - (1) in the case of termination by the Pool:
    - (a) upon the dissolution, insolvency or bankruptcy of ASC;
    - (b) If ASC fails to perform as required in accordance with the terms of this Agreement (a "breach"), the Pool has notified ASC of such breach and ASC has not cured such breach within (15) fifteen days of such notice; provided that for those breaches that, in the opinion of the Board of Trustees of the Pool, jeopardize the existence of the Pool, the Pool shall be entitled to immediately terminate this Agreement by providing written notice to ASC.
    - (c) In the first 90 days of this Agreement's inception the Pool may terminate this contract for any reason and receive a full refund of the amounts paid to ASC.
  - (2) in the case of termination by ASC, if the Pool fails to perform in accordance with the terms of this Agreement, ASC has notified the Pool in writing of such failure to perform and the Pool has not cured such failure to perform within fifteen (15) days of such notice.

**SECTION 6. All Files, Records, Information and other Documentation Property of the Pool**

All files, documentation, information, papers and other information compiled, maintained or arising pursuant to the services performed by ASC pursuant to this Agreement shall be and remain at all times the sole and exclusive property of the Pool, regardless of whether during or after the term of this Agreement such files, documents, records, papers or other information are maintained at the premises of ASC, the Pool or elsewhere. Upon the termination or expiration of this Agreement, or at any other time requested by the Pool, ASC shall return or deliver all such files, records, documents, papers and other information to the Pool upon any request for all or a portion of same records. The files, records, documents, papers and other information referred to in this section shall include, but in no way be limited to, claims, loss, loss control, underwriting, agent and other related files.

During the term of this Agreement and at any time thereafter, ASC shall not disclose to any third party (or permit the disclosure of) such files, documents, records, papers or other information maintained or arising from the services performed hereunder except as expressly authorized in writing by the Pool.

**SECTION 7. Insurance, Fidelity Bond**

Throughout the term of this Agreement, with respect to the operations performed under or incident to this Agreement, ASC shall obtain and maintain insurance acceptable to the Pool which is primary as to any other existing valid and collectible insurance, and except for Errors and Omissions, Worker's Compensation, Employer's Liability and Contractual Liability, names the Pool as an additional insured. Such insurance shall include:

- A. Errors and Omissions Insurance Coverage of not less than One Million Dollars (\$1,000,000) or that amount as may be required from time to time by state law whichever amount is greater;
- B. A fidelity bond with coverage in an amount not less than the greater of Two Million Dollars (\$2,000,000) or that amount as may be required from time to time by state law, whichever amount is greater;
- C. Workers Compensation Insurance covering ASC, and, as required by law, ASC employees; and Employer's Liability Insurance as required by law;
- D. Comprehensive General Liability Insurance including the following coverage's
  - (1) Premises operation;
  - (2) Products liability/completed operation; and
  - (3) Contractual liability insurance

All of the above with a minimum combined single limit of One Million Dollars (\$1,000,000) for each occurrence (or the equivalent) for bodily injury and property damage, including personal injury.

- E. Automobile coverage for ASC employees with a combined single limit of \$1,000,000 and to include hired/non-owned coverage.

ASC shall furnish the Pool with certificates of insurance which provided that coverage will not be cancelled prior to thirty (30) days advance written notice to the Pool.

#### **SECTION 8. Notices:**

Any notice required to be given under this Agreement shall be sent by overnight, certified or registered mail, postage prepaid, or by overnight delivery or by facsimile to the following:

If to ASC                Robert Bennett, CEO  
                                 1415 Murfreesboro Rd. Suite 600A  
                                 Nashville, TN. 37217  
                                 Fax Number: (615) 360-1343  
                                 Phone Number (615) 360-2820

If to the Pool

Lester Nixon  
5397 S Vine Street  
Murray, UT 84107  
Fax Number: (801) 293-3480  
Phone Number: (801) 293-3098

#### **SECTION 9. Assignments/Successors**

This Agreement shall not be assignable in whole or in part by either party without the prior written consent of the non-assigning party.

#### **SECTION 10. Entire Agreement and Modification of Amendment**

This Agreement represents the full and final understanding of the parties with respect to the subject matter described herein and supersedes any and all prior agreements or understandings, written or oral, express or implied. This Agreement may not be modified or amended without the prior written consent of the parties hereto.

#### **SECTION 11 Indemnity**

- A. ASC agrees to indemnify, defend and hold the Pool harmless from and against all reasonable costs, damages, penalties, claims demands judgments, attorney's fees, expenses, obligations and liabilities of any kind or nature which the Pool may incur or sustain as the result of any claims of any errors, omissions, torts, intentional torts, violations of law or other negligence on the part of ASC and/or its employees and subcontractors.
- B. The Pool agrees to indemnify, defend and hold ASC harmless from and against all reasonable costs, damages, claims, demand, judgments, attorney's fees, expenses, obligations and liabilities of any kind or nature which ASC may incur or sustain as the result of any claims resulting from errors, omissions, torts, intentional torts, violations of applicable law, or negligence on the part of the Pool and/or its employees.

#### **SECTION 12. Applicable Law:**

The terms and conditions of this Agreement shall be governed by the laws of the State of Utah.

**SECTION 13. Severability:**

The invalidity or un-enforceability of a particular provision of this Agreement shall not affect the other provisions hereof; and this Agreement shall be construed in all respects to the extent possible, as if such invalid or enforceable provision(s) were omitted.

**SECTION 14. Headings:**

Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed on the day and date first above written.

ALTERNATIVE SERVICE CONCEPTS LLC.

By: Robert Bennett  
Robert Bennett CEO

UTAH COUNTIES INSURANCE POOL

By: Dan McConkie  
Dan R. McConkie

I N D E P E N D E N T   C O N T R A C T O R  
A G R E E M E N T   F O R   C O N S U L T A N T

This Agreement is made between Utah Counties Insurance Pool (UCIP) ("Client") with a principal place of business at \_Salt Lake City, Utah \_\_\_\_\_, and \_Pfeiffer Consulting Group, LLC. ("Consultant"), with a principal place of business at \_Salt Lake City, Utah.

**1. Services to be Performed**

Consultant agrees to perform the services described in Exhibit A, which is attached to this Agreement.

**2. Payment**

In consideration for the services to be performed by Consultant, Client agrees to pay Consultant at the rate per Exhibit A.

**3. Terms of Payment**

**Upon completing Consultant's services under this Agreement, Consultant shall submit an invoice. Client shall pay Consultant within 15 days from the date of Consultant's invoice.**

**4. Late Fees**

Late payments by Client shall be subject to late penalty fees of 1 ½ % per month from the due date until the amount is paid.

**5. Expenses**

Client shall reimburse Contractor for the following expenses that are directly attributable to work performed under this Agreement:

- travel expenses other than normal commuting, including airfares, rental vehicles and highway mileage in company or personal vehicles at IRS mileage rate, currently 48.5cents per mile
- telephone, fax, online and telegraph charges
- postage and courier services
- printing and reproduction
- computer services, and
- other expenses resulting from the work performed under this Agreement.

Contractor shall submit an itemized statement of Contractor's expenses. Client shall pay Contractor within 30 days from the date of each statement.

**6. Materials**

Consultant will furnish all materials, equipment and supplies used to provide the services required by this Agreement.



**(Optional: Check if applicable.)**

**[ x ] 7. Intellectual Property Ownership**

Consultant grants to Client a royalty-free nonexclusive license to use in any manner and for any purpose anything created or developed by Consultant for Client under this Agreement (Contract Property). The license shall have a perpetual term and Client may not transfer it. Consultant shall retain all copyrights, patent rights and other intellectual property rights to the Contract Property.

**[ x ] 8. Consultant's Reusable Materials**

Consultant owns or holds a license to use and sublicense various materials in existence before the start date of this Agreement (Consultant's Materials). Consultant's Materials include, but are not limited to, those items identified in Exhibit \_A, attached to and made part of this Agreement. Consultant may, at its option, include Consultant's Materials in the work performed under this Agreement. Consultant retains all right, title and interest, including all copyrights, patent rights and trade secret rights in Consultant's Materials. Consultant grants Client a royalty-free nonexclusive license to use any of Consultant's Materials incorporated into the work performed by Consultant under this Agreement. The license shall have a perpetual term and may not be transferred by Client.

**9. Term of Agreement**

This agreement will become effective when signed by both parties and will terminate on the earlier of:

12/31/06 or

- the date a party terminates the Agreement as provided below.

**10. Terminating the Agreement**

Either party may terminate this Agreement at any time by giving 10 days written notice of termination. Consultant shall be entitled to full payment for services performed prior to the date of termination.

**11. Independent Contractor Status**

Consultant is an independent contractor, not Client's employee. Consultant's employees or subcontractors are not Client's employees. Consultant and Client agree to the following rights consistent with an independent contractor relationship.

- Consultant has the right to perform services for others during the term of this Agreement.
- Consultant has the sole right to control and direct the means, manner and method by which the services required by this Agreement will be performed.

- Consultant has the right to hire assistants as subcontractors, or to use employees to provide the services required by this Agreement. Consultant shall grant Client access to all subcontractors, employees and other sources used by Consultant in performing the work under this Agreement to enable Client to clarify matters or seek additional information.
- Consultant or Consultant's employees or subcontractors shall perform the services required by this Agreement; Client shall not hire, supervise or pay any assistants to help Consultant.
- Neither Consultant nor Consultant's employees or subcontractors shall receive any training from Client in the skills necessary to perform the services required by this Agreement.
- Client shall not require Consultant or Consultant's employees or subcontractors to devote full time to performing the services required by this Agreement.
- Neither Consultant nor Consultant's employees or subcontractors are eligible to participate in any employee pension, health, vacation pay, sick pay or other fringe benefit plan of Client.

## **12. Local, State and Federal Taxes**

Consultant shall pay all income taxes and FICA (Social Security and Medicare taxes) incurred while performing services under this Agreement. Client will not:

- withhold FICA from Consultant's payments or make FICA payments on Consultant's behalf
- make state or federal unemployment compensation contributions on Consultant's behalf, or
- withhold state or federal income tax from Consultant's payments.

The charges included here do not include taxes. If Consultant is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to Client. Consultant shall not pay any interest or penalties incurred due to late payment or nonpayment of any taxes by Client.

## **13. Exclusive Agreement**

This is the entire Agreement between Consultant and Client.

## **14. Modifying the Agreement**

Client and Consultant recognize that:

- Consultant's original cost and time estimates may be too low due to unforeseen events, or to factors unknown to Consultant when this Agreement was made
- Client may desire a mid-project change in Consultant's services that would add time and cost to the project and possibly inconvenience Consultant, or
- Other provisions of this Agreement may be difficult to carry out due to unforeseen circumstances.

If any intended changes or any other events beyond the parties' control require adjustments to this Agreement, the parties shall make a good faith effort to agree on all necessary particulars. Such agreements shall be put in writing, signed by the parties and added to this Agreement.

## **15. Resolving Disputes**

[ x ] If a dispute arises under this Agreement, the parties agree to first try to resolve the dispute with the help of a mutually agreed-upon mediator in \_\_\_Salt Lake City Utah. Any costs and fees other than attorney fees associated with the mediation shall be shared equally by the parties. If the dispute is not resolved within 30 days after it is referred to the mediator, any party may take the matter to court.

[ x ] If any court action is necessary to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney fees, costs and expenses in addition to any other relief to which he or she may be entitled.

## **[ x ] 16. Limited Liability**

This provision allocates the risks under this Agreement between Contractor and Client.

Contractor's pricing reflects the allocation of risk and limitation of liability specified below.

Contractor's total liability to Client under this Agreement for damages, costs and expenses, shall not exceed the compensation received by Contractor under this Agreement. However, contractor shall remain liable for bodily injury or personal property damage resulting from negligent or willful actions of Contractor or Contractor's employees or agents to the extent such actions or omissions were not caused by Client.

NEITHER PARTY TO THIS AGREEMENT SHALL BE LIABLE FOR THE OTHER'S LOST PROFITS, OR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER IN AN ACTION IN CONTRACT OR TORT, EVEN IF THE PARTY HAS BEEN ADVISED BY THE OTHER PARTY OF THE POSSIBILITY OF SUCH DAMAGES.

## **17. Notices**

All notices and other communications in connection with this Agreement shall be in writing and shall be considered given as follows:

- when delivered personally to the recipient's address as stated on this Agreement
- three days after being deposited in the United States mail, with postage prepaid to the recipient's address as stated on this Agreement, or
- when sent by fax or telex to the last fax or telex number of the recipient known to the person giving notice.

Notice is effective upon receipt provided that a duplicate copy of the notice is promptly given by first class mail, or the recipient delivers a written confirmation of receipt.

## **18. No Partnership**

This Agreement does not create a partnership relationship. Neither party has authority to enter into contracts on the other's behalf.

## **19. Confidential Information of Client.**

As used in this section, "Information" means trade secrets and other confidential and proprietary business information of Client which is expressly designated as confidential by Client or which Consultant should reasonably be expected to know is confidential and proprietary.

Consultant agrees not to use or disclose any Information of Client without its prior written consent, except for such disclosures as may be required by law. Consultant shall take appropriate action by instruction to its employees and agents who are permitted access to such Information to secure its protection under this section.

Upon written request by Client, Consultant shall surrender all tangible evidence of Information of Client, including notes, photographs, photocopies and memoranda.

In the event of unlawful use or disclosure of Client's Information by Consultant, and notwithstanding any agreement to mediate disputes under this Agreement, Client shall be entitled to bring an action for injunctive relief in addition to any other legal or equitable remedies available to Client in the circumstances.

## **20. Applicable Law**

This Agreement will be governed by the laws of the State of \_Utah.

### **Signatures**

#### **Client:**

Utah Counties Insurance Pool

By: \_\_\_\_\_

Signature

Lester Nixon

Title: \_\_\_\_\_

Date: \_\_\_\_\_

#### **Consultant:**

\_Pfeiffer Consulting Group

By: \_\_\_\_\_

Signature

\_Steven A. Pfeiffer

Title: \_\_President

Taxpayer ID Number: 87-0677825

Date: \_\_\_\_\_

## ***Appendix A***

For a fee of \$1500 per month (\$18,000 annually), Pfeiffer Consulting Group will do the following.

Review and oversight of pricing of program, and assistance in working with actuary and director to ensure adequacy of rates.

Calculation of experience modifications for all customers.

Calculation and promulgation of modifications for UCIP as a whole.

Premium tax calculation and assistance.

Assistance in individual account pricing or programs, for larger customers

Assistance, if desired in the audit process, to reflect additional payroll over the year.

Review and negotiate reinsurance as required.

Assistance in renewal application for pool (with the Labor Commission), and general updates and liaison with regulators. .

Claims reviews- assistance in working with TPA, or as needed.

Sales assistance

Pricing programs- individualized and customized pricing programs may be developed.

Attendance at board meetings, conferences as needed. Presentations for any of these programs could also be arranged.

Assistance as needed on Property and General Liability programs. Work could be the same as above, or others as needed.



**Client Service Agreement  
By and Between  
Marsh USA Risk & Insurance Services  
and  
Utah Counties Insurance Pool**

AGREEMENT, effective January 1, 2006 (the "Effective Date"), between Marsh USA Risk & Insurance Services ("Marsh"), and Utah Counties Insurance Pool ("Client").

It is agreed as follows:

1. **Services.**

Marsh is hereby engaged to act as the Client's risk management advisor and consultant and insurance broker, as applicable, and shall provide the Client with the services set forth on Appendix A (the "Services") in accordance with the terms set forth herein. Appendix A may be amended from time to time by written agreement of the parties. The additional services set forth in Section 4 of Appendix A are available for additional compensation and subject to the negotiation of separate agreements.

2. **Compensation.**

- (a) Marsh shall be compensated for providing the Services to the Client as set forth on Appendix B. Appendix B may be amended from time to time by written agreement of the parties.
- (b) If there is a significant change in the Client's operations or exposures that affects the nature and scope of its insurance program and/or service needs, Marsh and the Client both agree to renegotiate Marsh's compensation in good faith as appropriate.

3. **Term and Termination.**

- (a) The term of this Agreement shall commence on the Effective Date and shall terminate one (1) year thereafter (the "Contract Year"). The Contract Year may be extended by mutual written agreement of the parties.
- (b) Notwithstanding the term, either party may terminate this Agreement upon 90 days' prior written notice to the other party. If this Agreement is terminated, Marsh will assist the Client in arranging a smooth transition process, subject to receipt by Marsh of all amounts due Marsh from the Client. However, Marsh's obligation and the obligation of its affiliates (including, if applicable, Marsh's U.K. affiliates) to

provide Services to the Client will cease upon the effective date of termination, unless otherwise agreed in writing.

(c) In the event of termination by the Client prior to expiration, Marsh's commission compensation set forth on Appendix B for the current Contract Year will be deemed fully earned at inception and Marsh's fee compensation set forth on Appendix B for the current Contract Year will be deemed earned in accordance with the following schedule, for Services performed through the termination date: 60% at commencement of the current Contract Year; 75% after four months; and 100% after seven months.

(d) In the event of a termination by Marsh prior to expiration, Marsh's annual compensation will be deemed earned on a pro-rata basis.

4. **Authorization.**

Marsh shall be authorized to represent and assist the Client in all discussions and transactions with insurers relating to the lines of insurance listed on Appendix A when acting as the Client's insurance broker, provided that Marsh shall not place any insurance on behalf of the Client unless so authorized by the Client in writing. Notwithstanding the foregoing, at all times during the performance of this Agreement Marsh shall be an independent contractor and shall not be an employee of Client.

5. **Other Terms and Conditions.**

The Standard Terms and Conditions set forth in Appendix C shall apply to the Services performed by Marsh under this Agreement.

6. **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without regard to its conflicts of law provisions.

7. **Miscellaneous.**

This Agreement, together with all appendices attached hereto, contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all written or oral prior agreements, understandings and negotiations with respect to such matters. This Agreement may be modified or otherwise amended and the observance of any term of this Agreement may be waived, only if such modification, amendment or waiver is in writing and signed by the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties'

respective successors. Neither party shall have any liability for any failure or delay in performance of its obligations under this Agreement because of circumstances beyond its reasonable control, including, without limitation, acts of God, fires, floods, earthquakes, acts of war or terrorism, civil disturbances, sabotage, accidents, unusually severe weather, governmental actions, power failures, computer/network viruses that are not preventable through generally available retail products, catastrophic hardware failures or attacks on its server.

**Marsh USA Risk & Insurance Services**

By: \_\_\_\_\_  
Jeff R. Larsen  
Senior Vice President

Date: \_\_\_\_\_

Accepted and agreed:

**Utah Counties Insurance Pool**

By: \_\_\_\_\_  
Dan P. McConkie  
President of the Board of Directors

Date: \_\_\_\_\_

## **Appendix A**

### **Scope of Services**

1. Marsh will act as the Client's risk management advisor and consultant and insurance broker, as applicable, with respect to the following lines of insurance (effective dates noted in parenthesis):
  - (a) Property/All Risk (01/01/2006)
  - (b) Boiler & Machinery (01/01/2006)
  - (c) Inland Marine (01/01/2006)
  - (d) General Liability (01/01/2006)
  - (e) General Aviation (Various)
  - (f) Crime/Fidelity (Various)
  - (g) Commercial Surety (Various)
  - (h) Automobile Physical Damage (01/01/2006)
2. As respects the lines of insurance in Section 1, above, Marsh shall provide the following services:
  - (a) Work with the Client to assess the Client's risk exposures;
  - (b) Work with the Client to design and develop the Client's insurance program;
  - (c) Assist with documentation and other steps to obtain commitments for and implement the Client's insurance program upon the Client's instructions;
  - (d) Keep the Client informed of significant changes and or trends in the insurance marketplace and provide the Client with annual information on market trends;
  - (e) Assist the Client in identifying insurers. Solicit quotes from insurers selected by the Client for the placement of Client's insurance program in accordance with the Client's instructions.
  - (f) Conduct a Renewal Strategy Meeting in advance of each placement.
  - (g) Negotiate on the Client's behalf with insurers and keep the Client informed of significant developments in the negotiations;
  - (h) Assist the Client with the evaluation of options received from the insurance market;
  - (i) Use best efforts to place insurance on behalf of the Client as directed by the Client and secure the Client's approval prior to requesting insurers to bind coverage;
  - (j) Follow up with insurance carriers for timely issuance of policies and endorsements;
  - (k) Promptly respond to Client's questions related to coverage placed by Marsh or the placement process;
  - (l) Deliver binders on or before the effective date of coverage being placed, subject to placement;

- (m) Process or facilitate the processing and delivery of certificates or memoranda of insurance and auto identification cards with respect to insurance policies placed by Marsh, as requested by the Client;
- (n) Review policies and endorsements for conformity to agreed terms and coverages;
- (o) Provide coverage summaries for all new placements and updates on changes to existing policies;
- (p) Review premium and exposure audits, rating adjustments, dividend calculations and loss data;
- (q) Assist the Client in establishing claims reporting procedures to insurers,
- (r) Monitor published financial information of the Client's current insurers and alert the Client when the status of one or more of such insurers falls below Marsh's minimum financial guidelines. Insurers with whom the Client's risks have been placed will be deemed acceptable to the Client, in the absence of contrary instructions from the Client;
- (s) Provide the Client with detailed invoices, except in the case of direct billing by insurers. Remit premiums to insurers and taxes and fees to the relevant authorities on a timely basis, following receipt thereof from the Client.

Sections 2(e), (g), (i), (j), (l), (m) and (s) will only apply with respect to placements for which Marsh is acting as the Client's insurance broker.

3. Whenever the Marsh client executive is informed in writing by the Client that a claim has been notified to the primary carrier, Marsh will notify all applicable excess carriers of the claim, unless the Client gives the Marsh client executive contrary instructions in writing, provided that Marsh has placed the applicable excess policies or the Marsh client executive has received written notice from the Client of the applicable carrier and policies. If Marsh is instructed not to provide notice to any excess carrier, Marsh shall have no responsibility for any consequences arising out of the failure to give notice.
4. Additional Services are available for separate compensation and shall be agreed upon in advance and addressed by amendment to this agreement or by separate agreement (in certain cases with affiliates of Marsh). Such additional services include, but are not limited to:
  - Actuarial analysis of Workers' Compensation, General Liability, and Automobile Liability claims, or other lines of insurance;
  - Consulting relating to workers' compensation cost containment, including behavioral risk management, absence management, cumulative injury management, financial diagnostics and custom cost containment solutions;
  - Business interruption and other claim valuation services offered by Kroll's Forensic Accounting practice;



- Environmental risk consulting services;
- Operations and assets consulting services, including business continuity management, supply chain risk management, loss control and engineering support services and strategic risk assessments;
- Claims services other than those specified in Section 2 above, including catastrophic claims support, mass tort claims support, claims management services, special claims advocacy services and archival research;
- Services in connection with loss portfolio transfers and alternative risk financing, including placements made in connection with such services;
- Captive insurance company feasibility studies;
- Establishment and administration of captive insurers;
- Placement of non-recurring insurance, including, but not limited to:
  - "one-time" placements for construction projects,
  - "one-time" placements for marine/cargo risks,
  - "one-time" placements for surety,
  - Placements for specific financial risks, such as trade credit,
  - Placements involving significant quantitative or actuarial analysis or modeling,
  - Placement of risks with financial institutions other than insurance carriers, and
  - Placements of risks not customarily accepted by insurers;
- Employee benefits services;
- Pension plan consulting;
- Compensation consulting;
- Executive deferred compensation services;
- Risk management claims information systems, including STARS and TrendTracker software programs, and related services;
- Enterprise Risk Management consulting;
- Strategic Risk Assessment;
- Provision of Marsh personnel on an out-sourced basis;
- Intellectual Property Consulting;
- Security Consulting;
- Insurance-related mergers and acquisition due diligence services and transactional solutions;
- Placement and servicing of owner controlled insurance programs; and
- Interactive on-line client services.

## **Appendix B Compensation**

For all lines of insurance coverage listed on Appendix A, Section 1 except those listed below (the "Fee Coverages"), Marsh will deliver the Services to the Client for an annual fee of \$60,000.00.

The annual fee shall be paid by the Client on January 1, 2006.

Prior to each placement by Marsh for the Client, Marsh shall disclose to the Client and obtain the Client's approval of any commissions to be collected by Marsh or its affiliates with respect to such placement. Marsh shall credit any retail commissions collected by Marsh or its affiliates with respect to the Fee Coverages against remaining installments of the annual fee (except as provided below) and, to the extent in excess of the remaining installments, refund previously paid installments of the annual fee. In the event such retail commissions for a Contract year exceed the annual fee for that year, then excess retail commissions shall be returned to the Client if permitted by law. Otherwise, excess retail commissions shall be carried forward and applied against Marsh's annual compensation for subsequent years if permitted by law. Any wholesale commissions collected by Marsh or its affiliates will not be credited against the annual fee.

As respects the following lines of insurance coverage,

- (a) General Liability
- (b) General Aviation
- (c) Crime/Fidelity
- (d) Commercial Surety

Marsh shall be compensated for providing the Services to the Client through retail and wholesale commissions received from insurance companies. In addition, if in Marsh's judgment commissions collected or to be collected by Marsh and its affiliates for a particular placement(s) do not adequately compensate Marsh and its affiliates for the Services provided by them to the Client with respect to such placement(s), Marsh may request that the Client pay Marsh and/or its affiliates an additional fee. Any such additional fee shall only be paid if agreed in writing by the Client and will be subject to the requirements of applicable law. Prior to each placement by Marsh for the Client, Marsh shall disclose to the Client and obtain the Client's approval of any commissions to be collected by Marsh or its affiliates with respect to such placement.

In addition to the compensation set forth above, Marsh's foreign offices and affiliates shall be entitled to receive commissions on foreign local placements made on behalf of the Client or its foreign subsidiaries, which shall be in addition to and not be credited against the annual fee. Marsh shall disclose to the Client and obtain the Client's approval of such commissions prior to placement. Marsh

may make such disclosure to and obtain such approval from the Client's local operating management.

In the event (i) the Client elects to obtain insurance for a particular line of coverage from a foreign insurer and that insurer is domiciled in a country not part of the Client's insurance program with respect to such line of coverage as of the commencement date of this Agreement and (ii) the resources and services of a foreign Marsh affiliate are necessary or appropriate for such placement, Marsh and the Client shall negotiate additional compensation for such services and/or modification to Marsh's compensation in good faith.

Any commissions collected by Marsh or its affiliates shall be considered fully earned at the time of placement, including if an insurance policy placed by Marsh or its affiliates for the Client or its foreign subsidiaries is terminated by the Client or its foreign subsidiaries prior to expiration unless such policy is replaced by another policy placed by Marsh or its affiliates for the Client or its foreign subsidiaries during the term of this Agreement.

## **Appendix C**

### **Standard Terms and Conditions**

These Standard Terms and Conditions are part of the attached Client Service Agreement between Utah Counties Insurance Pool (the "Client") and Marsh USA Risk & Insurance Services ("Marsh").

#### **1. Taxes and Fees.**

In certain cases, insurance placements that Marsh makes on the Client's behalf may require the payment of insurance premium taxes (including U.S. federal excise taxes), sales taxes, use taxes, surplus or excess lines and similar taxes and/or fees to federal, state or foreign regulators, boards or associations. The Client agrees to pay such taxes and fees, whenever assessed. To the extent practical, such taxes and fees will be identified by Marsh on invoices covering such placements. Any such taxes and fees collected by Marsh will be promptly remitted by Marsh to the appropriate authorities.

#### **2. Client Responsibilities.**

The Client shall be solely responsible for the accuracy and completeness of information and other documents furnished to Marsh and/or insurers by the Client and the Client shall sign any required application for insurance. The Client recognizes and agrees that all insurance coverages placed in connection with this Agreement and all Services, evaluations, reports and recommendations provided by Marsh hereunder are based on data and information furnished by the Client. Marsh will be under no obligation to investigate or verify the completeness or accuracy of any such data or information, nor will Marsh have any liability for any errors, deficiencies or omissions in any Services, evaluations, reports or recommendations provided to, or any insurance coverages placed on behalf of, the Client that are based on such inaccurate or incomplete data or information. The Client understands that the failure to provide all necessary information to an insurer, whether intentional or by error, could result in the impairment or voiding of coverage.

The Client will review all policies, endorsements and program agreements delivered to it by Marsh and will advise Marsh of anything which the Client believes is not in accordance with the negotiated coverage and terms within thirty days following receipt.

#### **3. Intermediaries.**

- (a) When in Marsh's professional judgment it is necessary or appropriate and subject to the Client's prior approval, Marsh may utilize the

services of other intermediaries, including wholesale brokers, to assist in the marketing of the Client's insurance. Such intermediaries may be affiliates of Marsh.

- (b) Wholesale brokers may represent insurers or act as managing general agents. Prior to utilizing a wholesale broker in connection with a placement for the Client, Marsh shall disclose to the Client the compensation received or to be received by Marsh and its affiliates in connection with the wholesale placement, any interests of Marsh and its affiliates in the wholesale broker, any contractual agreements between Marsh and its affiliates, on the one hand, and the wholesale broker, on the other, and alternatives to using the wholesale broker.
- (c) Marsh shall disclose to the Client the compensation of any Marsh affiliated intermediaries utilized in connection with the Client's placements, and obtain the Client's consent to such compensation, prior to the binding of coverage. Marsh shall disclose to the Client the compensation of any non-Marsh affiliated intermediaries utilized in connection with the Client's placements to the extent known by Marsh.

#### 4. **Other Revenue.**

- (a) If the Client requests assistance with obtaining premium financing in connection with the Client's placements and Marsh provides such assistance, Marsh may receive compensation from the finance company that provides premium financing to the Client. Marsh shall provide to the Client information relating to Marsh's and its affiliates' arrangements with and interests in the premium finance companies to be considered by the Client and the compensation that Marsh and its affiliates would receive from finance companies with respect to the Client's placements.
- (b) Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by applicable law. Marsh will advise the Client annually of the aggregate income Marsh earns on the investment of funds held for all insurers for all clients.

#### 5. **Confidentiality.**

##### (a) **Confidential Information.**

The Client may provide Marsh with certain proprietary and confidential information ("Confidential Information") in connection with the Services provided by Marsh under this Agreement. Neither Marsh nor any of its employees or agents directly or indirectly shall disclose to any third



party or use any Confidential Information furnished by or on behalf of Client for any purpose except in furtherance of the Services and in furtherance of other insurance brokerage, risk consulting, risk financing, risk transfer, employees benefits or other insurance-related services rendered by Marsh to Client, which may include in the normal course of business the release to insurers and other financial institutions of Confidential Information relevant to the underwriting and/or evaluation of Client's risks and the processing of its claims, provided that such insurers and financial institutions are informed of the confidential nature of such information. Marsh shall take all steps reasonably required to maintain the confidentiality of Confidential Information in Marsh's possession. The transmission of Confidential Information via electronic data transmission networks which provide for the security of users' data shall be deemed consistent with Marsh's obligations hereunder unless such use is contrary to Client's express instructions.

(b) Exceptions.

The restrictions and agreements set forth above shall not apply to any Confidential Information: (i) which at the time disclosed to or obtained by Marsh is in the public domain; (ii) which becomes part of the public domain through no act, omission or fault of Marsh; (iii) which Marsh's records demonstrate was developed independently by Marsh or was received by Marsh from a third party which Marsh had no reason to believe had any confidentiality or fiduciary obligation to the Client with respect to such information; (iv) which is required to be disclosed by law, including, without limitation, pursuant to the terms of a subpoena or other similar document; provided, however, Marsh shall, to the extent practical, give prior timely notice of such disclosure to the Client to permit the Client to seek a protective order, and, absent the entry of such protective order, Marsh shall disclose only such Confidential Information that Marsh is advised by its counsel must be disclosed by law; or (v) following the lapse of two years after disclosure of such information to Marsh.

(c) Return of Confidential Information.

As between the Client and Marsh, Confidential Information shall be the sole and exclusive property of the Client. Upon the Client's request, all documents and records in Marsh's possession containing Confidential Information shall be returned to the Client; provided, however, that Marsh may retain copies of documents that may contain Confidential Information which are necessary for the conduct and proper record keeping of Marsh's business in accordance with standard operating procedures or applicable law.

(d) Remedy.

It is understood and agreed that money damages would not be a sufficient remedy for any breach of these confidentiality provisions and the Client shall be entitled to injunctive relief as a remedy for such breach, without prejudice to any other rights or remedies available to the Client under applicable law.

6. **Record Retention.**

Files (other than core documents, as defined in Marsh's record retention policy, including insurance policies, which are permanently retained) will not be retained for more than five years after the expiration of a particular policy's term.

7. **Disclaimers: Limitation of Liability.**

- (a) Marsh does not speak for any insurer, is not bound to utilize any particular insurer and does not have the authority to make binding commitments on behalf of any insurer, except under special circumstance which Marsh shall always endeavor to make known to the Client. Marsh shall not be responsible for the solvency of any insurer or its ability or willingness to pay claims, return premiums or other financial obligations. Marsh does not guarantee or make any representation or warranty that insurance can be placed on terms acceptable to the Client.
- (b) If Marsh has taken over any existing program or policies implemented by another broker, Marsh will not assume any responsibility for the adequacy or effectiveness of those programs or policies or any acts or omissions occurring prior to Marsh's engagement. Within 45 days, Marsh will have completed a review of such programs and policies and will make recommendations it believes are necessary.
- (c) Any loss control services and/or surveys performed by Marsh under this Agreement are advisory in nature. Such services are limited in scope and do not constitute a safety inspection as provided by a safety engineering service. Marsh does not claim to find or include every loss potential, hazard, statutory or code violation or violation of good practice. All surveys and reports are based upon conditions observed and information supplied by the Client. Marsh does not expressly or impliedly guarantee or warrant in any way the safety of any site or operation or that the Client or any of its sites or operations is in compliance with federal, state or local laws, codes, statutes, ordinances or recommendations. In any event, Marsh's liability if any, relating to or arising out of loss control services performed by it for the

Client shall not exceed the total compensation paid to Marsh under this Agreement.



**Administrative Agreement between  
The Utah Counties Insurance Pool  
and  
Public Employees Health Program**

This administrative agreement between The Utah Counties Insurance Pool and the Utah Retirement Office, Public Employees Health Program (the "Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2005, by and between The Utah Counties Insurance Pool, an entity formed under the Utah Interlocal Cooperation Act (hereinafter referred to as "UCIP") and Utah Retirement Systems, by and through its group insurance division (hereinafter referred to as the "Public Employees Health Program or "PEHP").

**WITNESSETH:**

WHEREAS, PEHP is obligated, pursuant to Title 49, Chapter 20, Utah Code Annotated (1953), as amended, to establish group insurance programs and to make those programs available to all governmental employers of the State of Utah, its educational institutions, and political subdivisions; and

WHEREAS, such group insurance programs have been created and made available to governmental employers of the State of Utah; and

WHEREAS, UCIP and PEHP desire to enter into an agreement under which UCIP will provide certain services to Utah counties who choose to participate with UCIP and PEHP for the provision of health care benefits to their employees; and

NOW, THEREFORE, for and in consideration of the agreements and provisions hereinafter contained, the parties do hereby agree as follows:

**AGREEMENT:**

1. **ARTICLE I – DEFINITIONS.** For purposes of this Agreement, the following terms shall have the meanings set forth below:
  - 1.1. "Agreement" shall mean this ADMINISTRATIVE AGREEMENT BETWEEN THE UTAH COUNTIES INSURANCE POOL AND THE UTAH RETIREMENT OFFICE PUBLIC EMPLOYEES HEALTH PROGRAM.
  - 1.2. "Claims" or "Medical Claims" shall mean Claims made by Members for health or dental services covered.
  - 1.3. "County Group" shall mean the counties that have agreed to receive their employees' health benefits from PEHP with administrative services jointly from UCIP and PEHP. Such health benefits may be provided to the County Group within PEHP's existing Local Governments Risk Pool or within a separate, autonomous risk pool. Local government entities which self fund their claims may form a separate risk pool with PEHP.
  - 1.4. "Employer" shall mean any Utah County which has elected to receive health



- and/or dental coverage from PEHP and which participates in the County Group.
- 1.5. "Member" means Subscriber, plus legal dependents of the Subscriber as further defined in the PEHP Master Policy applicable to the risk pool in which the County Group resides.
  - 1.6. "Subscriber" shall mean any employee of an Employer who is eligible for health and/or dental coverage from PEHP.

## **2. ARTICLE II - TERM OF AGREEMENT**

- 2.1. Effective Date of County Group. This Agreement shall be effective as of January 1, 2006, and for successive one-year contract periods thereafter, unless otherwise terminated as provided herein.
- 2.2. Effective Date of Administrative Services. UCIP shall begin providing the services outlined in Article IV to the County Group effective January 1, 2006.
- 2.3. Termination At End of Contract Period. Either party may terminate this Agreement by giving written notice to the other party at least ninety (90) days prior to the end of the then current contract period.
- 2.4. Termination Upon Default. Either party may terminate this Agreement, for failure of the other party to comply with the terms of this Agreement as provided in Article VIII.

## **3. ARTICLE III – PEHP RIGHTS & RESPONSIBILITIES**

- 3.1. Customer Service. PEHP shall provide, jointly with UCIP, customer service to Employers and their Subscribers including, but not limited to, responding to Employers and Members complaints, responding to Employers and Members questions concerning coverage, and providing necessary document forms, or other written materials.
- 3.2. Claims Processing. PEHP shall adjudicate medical and dental claims for Employers and their Subscribers in accordance with PEHP requirements.
- 3.3. Training. PEHP shall train UCIP employees to provide the services outlined in this Agreement.
- 3.4. Audit Rights. PEHP shall have the authority to perform periodic financial and performance audits of UCIP (at PEHP's expense) as it pertains to UCIP obligations under this Agreement.
- 3.5. Claims Review. PEHP shall be responsible to review all Claims which are unclear or which are disputed and shall have the authority for final determination of such Claims.
- 3.6. Case Management. PEHP shall determine which Members qualify for case management services and shall control such case management of the Member.
- 3.7. Appeals. PEHP shall be responsible for responding to and adjudicating all appeals arising out of the health coverage provided to Employers and Subscribers.
- 3.8. Employer Eligibility. PEHP shall have the sole and exclusive right to determine whether employing groups are eligible to participate in PEHP health and dental coverage.

- 3.9. Member Educational Materials. PEHP shall prepare and disseminate all member educational materials to UCIP to be used in communicating with and educating Employers and Subscribers. PEHP shall also prepare a web site which can be accessed by Employers and Subscribers and linked to by UCIP.
- 3.10. Rate Setting and Benefit Structure. PEHP shall annually set premium rates and benefit structure for the upcoming plan year. Such changes shall be made in the agreements with the employers and in the master policies. Benefit and rate changes shall be set for employers with a July 1 renewal date. The same benefit changes shall then be made for Employers with a January 1 renewal date. The premium rates for January 1 renewals shall include an adjustment for cost trends experienced by the County Group in the most recent six months. Notice of premium and benefit structure changes shall be sent to employers 90 days before the effective dates.
- 3.11. Rate Tiers. Upon request of the County Group, PEHP may create rate tiers which reflect the claims experience of individual Employers.
- 3.12. Computer Systems. PEHP shall provide, own and maintain the network, software and hardware it now owns and which is related to the enrollment, customer service and other mutually-agreeable services performed by UCIP personnel through PEHP's network, software and hardware. With PEHP's consent, UCIP may provide, own and maintain certain related hardware and software it now owns and which is necessary to provide administrative services under the Agreement. The ownership and maintenance of future hardware and software shall be mutually agreed upon by the parties.
- 3.13. Records Retention. PEHP shall copy and retain records relating to the coverage of Employers and Subscribers in accordance with its internal policies and procedures.
- 3.14. Request for Proposals and Requests for Quotes. PEHP shall timely respond to any request for proposals or requests for quote by an employing group that meets the eligibility requirements for membership in the County Group.
- 3.15. Group Servicing. PEHP shall provide group servicing in connection with the duties listed in this Article III. Group Servicing is a joint effort with UCIP as noted in Section 4.4.
- 3.16. Group Agreements. PEHP shall be responsible for contract negotiations with the County Group and for maintaining the resulting group agreements. Such contracts may include premium calculation information.
- 3.17. Fees. PEHP agrees to pay UCIP for services provided pursuant to Section 4.1 hereof as follows:
- 3.17.1. PEHP shall pay \$3.00 per Subscriber per month for health coverage, effective January 1, 2006.
- 3.17.2. Each year thereafter, effective January 1, the fees shall be changed by the percentage change in the Urban Consumer Price Index (measured from September to September). Either party may request a review/ renegotiation of the fees.
- 3.18. Coordination Meetings. PEHP agrees to participate in periodic coordination meetings with UCIP to discuss the performance of the parties under this Agreement.

#### **4. ARTICLE IV - UCIP RIGHTS & RESPONSIBILITIES**

- 4.1. Enrollment. UCIP shall make available to Employers and their Subscribers all forms necessary for enrollment for health and dental coverage with PEHP. UCIP shall input such enrollment information onto PEHP's computer system in accordance with PEHP's requirements.
- 4.2. Customer Service. UCIP shall provide, jointly with PEHP, customer service to Employers and their Subscribers including, but not limited to, responding to Employers and Members complaints, responding to Employers and Members questions concerning coverage, and providing necessary document forms, or other written materials.
- 4.3. Billings and Remittances. UCIP shall bill Employers for periodic premiums for medical and dental coverage and will remit premiums to PEHP monthly, net of fees to be paid pursuant to Section 3.17, on or before the 20<sup>th</sup> day of the month for which coverage is provided.
- 4.4. Group Servicing. UCIP shall service Employers and their Subscribers by providing seminars, group educational opportunities and problem resolution. UCIP shall make periodic contacts with Employers in accordance with mutually agreed upon standards. UCIP shall provide group servicing in connection with the performance of the duties listed in this Article IV. Group servicing is a joint effort with PEHP, as noted in Section 3.13.
- 4.5. Marketing. UCIP shall work with PEHP's Marketing Department in contacting and responding to new groups inquiries for participation in the County Group and working with existing Employers for annual renewal.
- 4.6. Fees. For services provided under this Agreement UCIP shall provide a statement along with the premiums remitted in accordance with Section 4.3. and a calculation of the fee withheld.
- 4.7. Exclusive Health Plan. UCIP shall not market or provide any other health or dental insurance to governmental entities, except as agreed upon in writing by the parties.
- 4.8. Performance. UCIP shall conform to the requirements, standards and training of PEHP in performing their duties listed in this Article IV under this Agreement as set forth by PEHP.
- 4.9. Fiduciary. UCIP acknowledges that PEHP is created as a trust fund pursuant to Title 49 of the Utah Code Annotated and functions as a fiduciary on behalf of the beneficiaries of such trust fund. UCIP agrees that in performing services under this Agreement it acts as a fiduciary on behalf of the Subscribers.
- 4.10. Request for Proposal and Request for Quotes. In the event that UCIP personnel receive a request for proposal or a request for quote from a governmental entity that may be eligible to participate with PEHP, such request for proposal or request for quote shall be immediately forwarded to PEHP for response.
- 4.11. Periodic Coordination Meetings. UCIP agrees to participate in periodic coordination meetings with PEHP to discuss the performance of the parties under this Agreement.

- 4.12. No Agency. UCIP shall not be the agent of PEHP and has no authority to bind PEHP or make any binding representations to governmental entities concerning benefit structures, administration, or premium setting relating to health and/or dental coverage.

## **5. ARTICLE V - AVAILABILITY OF DATA**

- 5.1. UCIP is entitled to possession of data regarding health and dental coverage through PEHP or a copy of the same in accordance with Utah Code Annotated, Title 49, for the sole purpose of providing the specific services required by this Agreement. UCIP shall not divulge any information obtained pursuant to this Agreement to any third party without the written consent of PEHP.
- 5.2. UCIP agrees to be bound by the terms of a Business Associate Agreement included as Attachment A of this Agreement.

## **6. ARTICLE VI - STEERING COMMITTEE**

- 6.1. A Steering Committee consisting of representatives of Employers shall be created to provide recommendations regarding health and dental coverage for the County Group to PEHP. The function of the Steering Committee shall be advisory only. Appropriate PEHP and UCIP personnel may attend Steering Committee meetings, but shall not be voting members of the Steering Committee.

## **7. ARTICLE VII – INDEMNIFICATION**

- 7.1. Indemnification of UCIP. PEHP shall indemnify UCIP, its officers, and employees from and against liability or damages (including attorneys' fees) caused by any negligent act or omission of any of PEHP's officers or employees, volunteers, or agents in the performance of this Agreement, including the improper release of data as set forth in Article V.
- 7.2. Indemnification of PEHP. UCIP shall indemnify PEHP, its officers, and employees from and against liability or damages (including attorneys' fees) caused by any negligent act, omission, or fiduciary breach of any of the UCIP's officers or employees, volunteers, or agents in the performance of this Agreement, including the improper release of data as set forth in Article V. In addition, UCIP shall indemnify and hold PEHP harmless from and against any and all liability or damages, including attorney's fees, arising out of:
- 7.2.1. A breach or violation of Section 4.12 hereof; or
- 7.2.2. Any representation, obligation, agreement or promise made or entered into by UCIP, its employees or agents, with or to an Employer, prior to January 1, 2006.

## **8. ARTICLE VIII – DEFAULT**



- 8.1. In the event either party shall default in the performance or payment of any of its obligations, covenants, warranties, representations or other terms, conditions, or provisions of this Agreement due by such party hereunder, and such default remains uncured for a period of sixty (60) days after written notice of such default is deposited by the other party in the United States Mail, Return Receipt Requested, addressed to the defaulting party as set forth below, then the non-defaulting party may terminate this Agreement and, in addition, may pursue any remedy available at law or in equity. In addition, in such event, the defaulting party agrees to pay all costs and expenses, including a reasonable attorney's fee, which may arise or accrue from enforcing the Agreement or from pursuing any remedy provided by law, including, but not limited to, attorneys' fees incurred by non-defaulting by reason of bringing legal proceedings or a lawsuit to enforce this Agreement and for all costs of suit and those incurred in preparation thereof, at both trial and appellate levels.

## **9. ARTICLE IX - MISCELLANEOUS PROVISIONS**

### **9.1. Corporate Authorization**

9.1.1. PEHP. PEHP represents and warrants to UCIP that PEHP is duly organized, validly existing and in good standing under the laws of Utah. PEHP has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder and that entry into this Agreement does not violate any existing contractual obligation of PEHP. Each person signing below on behalf of PEHP represents and warrants that he/she has been duly authorized by appropriate corporate action to execute this Agreement for and on behalf of PEHP.

9.1.2. UCIP. UCIP represents and warrants to PEHP that UCIP is separate legal entity created under the Utah Interlocal Cooperation Act (§§11-13-1 et seq.) of the U.C.A., that it is duly organized, validly existing and in good standing under the laws of Utah. UCIP has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder and that entry into this Agreement does not violate any existing contractual obligations of UCIP. Each person signing below on behalf of UCIP represents and warrants that he/she has been duly authorized by appropriate corporate action to execute this Agreement for and on behalf of the UCIP.

9.2. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.3. Paragraph and Other Headings. The paragraph and other headings of this Agreement are for reference purposes only and shall not be deemed to alter the meaning or intent of the language of this Agreement exclusive of such headings.

9.4. Entire Agreement. This Agreement with referenced documents constitutes the entire agreement by and between the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations between these parties and



any other statement whether oral or written shall not be deemed a part of this Agreement unless specifically incorporated herein and by reference.

- 9.5. Severability. Each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement be deemed to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.
- 9.6. Governing Law. This Agreement and documents to be executed pursuant hereto shall be construed in accordance with and governed by the laws of the State of Utah.
- 9.7. Notices. Any notice or other communication required or permitted hereunder shall be sufficiently given if delivered personally or sent by registered or certified mail, postage prepaid and return receipt requested, addressed as follows:
- 9.7.1. If to PEHP;  
Public Employees Health Program  
560 East 200 South  
Salt Lake City, Utah 84102  
or such other address(es) as PEHP may advise UCIP in writing.
- 9.7.2. If to UCIP:  
Utah Counties Insurance Pool  
5397 South Vine St  
Salt Lake City UT 84107  
or such other address(es) as UCIP may advise PEHP in writing.
- 9.8. Modifications. This Agreement may not be modified, altered or amended in any manner unless such modification, alteration or amendment shall be reduced to writing and executed by all parties to this Agreement.
- 9.9. No Assignment. This Agreement may not be assigned by either party without the written consent of the other party.
- 9.10. Construction. As used in this Agreement, the masculine, feminine or neuter gender and the singular or plural numbers shall each be deemed to include the other whenever the context so indicates. This Agreement shall be construed as a whole and in accordance with its fair meaning and without regard to any presumption or other rule requiring construction against the party preparing this Agreement or any part hereof.
- 9.11. No Waiver. The waiver by one part of the performance of any covenant or condition hereunder shall not invalidate this Agreement, nor shall it be considered to be a waiver by such party of any covenant or condition hereunder. The waiver by either or both parties of the time for performing any act hereunder shall not be deemed a waiver of any other act or an identical act required to be performed at a later time. The exercise of any remedy provided by law and the provisions of this Agreement for any remedy shall not exclude other remedies unless they are expressly excluded.
- 9.12. Conflict of Interest. In receiving any compensation under this Agreement, UCIP represents that, except as has been disclosed in writing to PEHP: (a) UCIP maintains no employee, officer or director who is a Close Relative to any

employee, officer or director of Utah Retirement Systems or PEHP who has supervisory or discretionary responsibilities; and (b) no employee, officer or director of UCIP is also an employee of Utah Retirement Systems or PEHP. Failure to comply with this provision shall give PEHP the right at its sole discretion to terminate this Agreement. For purpose of this section, Close Relative means a person's direct or step relationship of a parent, grandparent, aunt, uncle, brother, sister, cousin, son, daughter or grandchild.

The Utah Counties Insurance Pool

Utah Retirement Systems  
Public Employees Health Program

by \_\_\_\_\_

by \_\_\_\_\_

\_\_\_\_\_  
printed name

\_\_\_\_\_  
printed name

\_\_\_\_\_  
title

\_\_\_\_\_  
title

**Attachment A**

**Business Associate Agreement  
and  
Security Amendment to Business Associate Agreement**

## **BUSINESS ASSOCIATE AGREEMENT**

This addendum ("Addendum") is effective on the date of the executed Administrative Agreement by and between Public Employees Health Program ("PEHP) and the Utah Counties Insurance Pool (UCIP) ("Business Associate").

Business Associate and PEHP mutually agree to comply with the requirements of the Health Insurance Portability and Accountability Act of 1996 and its implementing/ regulations (the "Privacy Rule", 45 C.F.R. Parts 160-64) beginning on the effective date of the Administrative Agreement. For purposes of this Addendum, PEHP shall be considered a Covered Entity and UCIP shall be considered a Business Associate.

### **HIPAA PRIVACY AND SECURITY REQUIREMENTS**

1. **Definitions** - For purposes of this Section, the following terms shall have the following definitions. Terms used, but not otherwise defined in this Section shall have the same meaning as used in the Privacy Rule.
  - a. **Business Associate**. "Business Associate" shall mean UCIP.
  - b. **Covered Entity**. "Covered Entity" shall mean the Public Employees Benefit and Insurance Program, more commonly known as the Public Employees Health Program or PEHP.
  - c. **Individual**. "Individual" shall have the same meaning as the term "individual" in 45 CFR §164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).
  - d. **Privacy Rule**. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.
  - e. **Protected Health Information**. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR §164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
  - f. **Required By Law**. "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR §164.501.
  - g. **Secretary**. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee
2. **Obligations and Activities of Business Associate**
  - a. Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by this Agreement or as Required By Law.
  - b. Business Associate agrees to use appropriate safeguards, including encrypted e-mail or electronic transmissions over a secure network to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
  - c. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the

requirements of this Agreement.

- d. Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.
  - e. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
  - f. Business Associate agrees to provide access, at the request of Covered Entity, and in a reasonable time and manner, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR §164.524.
  - g. Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR §164.526 at the request of Covered Entity or an Individual, and in a reasonable time and manner.
  - h. Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
  - i. Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR §164.528.
  - j. Business Associate agrees to provide to Covered Entity or an Individual, in a reasonable time and manner, information collected in accordance with the preceding Section of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR §164.528.
3. Permitted Uses and Disclosures by Business Associate
- a. Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information on behalf of, or to provide services to, Covered Entity if such use or disclosure of Protected Health Information would not violate the Privacy Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity:
4. Specific Use and Disclosure Provisions
- a. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.



- b. Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with §164.502(j)(1). Business Associate shall give Covered Entity written notice of any report under this subsection within fifteen (15) days of such report.
- c. Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

5. Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR §164.520, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information.
- b. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information.
- c. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR §164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

6. Permissible Requests by Covered Entity

- a. Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity, except as otherwise set forth in this agreement.

7. Term and Termination

- a. Term. The Term of this Agreement shall be effective as of the effective date of the Administrative Agreement between PEHP and UCIP, and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, the protections of this Agreement shall continue in effect.
- b. Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall:
  - i. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement and any other agreement between the parties if Business Associate does not cure

the breach or end the violation within the time specified by Covered Entity;

- ii. Immediately terminate this Agreement and any other agreement between the parties if Business Associate has breached a material term of this Agreement and cure is not possible; or
- iii. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary.

8. Effect of Termination.

- a. Except as provided in paragraph (2) of this section, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, (including destruction of information stored electronically, on a back up system, or any other format) or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- b. In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity written notification of the conditions or reasons that make return or destruction infeasible. Upon such determination that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

9. Miscellaneous

- a. Regulatory References. A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.
- b. Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.
- c. Survival. The respective rights and obligations of Business Associate under Section 7c of this Agreement shall survive the termination of this Agreement.
- d. Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule.
- e. Indemnification. Each party shall indemnify and hold the other party harmless from any damages, judgments, fines, fees (including reasonable attorney's fees), settlements, or penalties arising out of its breach of its HIPAA obligations under this Agreement or under applicable laws or regulations.

## **SECURITY AMENDMENT TO BUSINESS ASSOCIATE AGREEMENT**

This Amendment shall amend the Business Associate Agreement entered into by and between Public Employees Health Plans (PEHP) and The Utah Counties Insurance Pool (UCIP), and shall be effective as of the signature date of the Administrative Agreement between PEHP and UCIP.

WHEREAS, in compliance with the privacy requirements of the Health Insurance Portability and Accessibility Act of 1996 ("HIPAA"), PEHP and UCIP entered into the Agreement with business associate terms and conditions.

WHEREAS, PEHP and UCIP now desire to amend the Agreement to comply with the security requirements of HIPAA.

WHEREAS, PEHP in accordance with the HIPAA Security Rule, 45 CFR §164.308(b)(1), permits UCIP to create, receive, maintain, or transmit electronic protected health information on PEHP's behalf.

NOW THEREFORE, the Agreement is hereby amended as follows:

The agreement is amended to add a new section, "Covenants for Security" as follows:

Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of PEHP;

Ensure that any agent, including a subcontractor, to whom it provides such information agrees to implement reasonable and appropriate safeguards to protect it;

Report to PEHP any security incident of which it becomes aware;

Authorize termination of the contract by PEHP, if PEHP determines that a material term of the contract has been violated.

Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to them in the Agreement.

All other terms, conditions and provisions of the Agreement shall remain in full force and effect.

INTENDING TO BE BOUND, the parties have hereto executed this Amendment to be effective as of the date of the Administrative Agreement between PEHP and UCIP.

# UTAH COUNTIES INSURANCE POOL

Multiline

## 2006 BUDGET

	2005	2006 Approved	2006 Amended
<b>REVENUE</b>			
Premiums Written	4,176,336	4,181,677	4,181,677
Risk Management Program Credit	-156,550	-175,000	-157,500
Investment Income	300,000	350,000	350,000
<b>TOTAL REVENUE</b>	<b>4,319,786</b>	<b>4,356,677</b>	<b>4,374,177</b>
<b>LOSSES AND LOSS EXPENSES</b>			
Losses	2,397,344	2,209,567	2,511,683
Reinsurance	1,036,971	1,226,857	998,241
<b>TOTAL LOSS EXPENSES</b>	<b>3,434,315</b>	<b>3,436,424</b>	<b>3,509,924</b>
<b>ADMINISTRATION EXPENSES</b>			
Accounting	6,700	2,000	2,000
Actuarial Analysis	4,000	4,000	4,000
Capitalization Costs - CRL	55,660	56,000	0
<b>TOTAL ADMINISTRATION</b>	<b>66,360</b>	<b>62,000</b>	<b>6,000</b>
<b>TOTAL LOSSES AND EXPENSES</b>	<b>3,500,675</b>	<b>3,498,424</b>	<b>3,515,924</b>
<b>TRANSFER TO ADMINISTRATION BUDGET</b>	<b>819,111</b>	<b>858,253</b>	<b>858,253</b>
<b>EQUITY / RESERVES</b>			
Automobile	31,688	40,094	40,094
Building Debt Service	86,300	86,300	86,300
Building Repairs & Replacement	28,170	28,170	28,170
Capital (CRL)	205,245	261,245	261,245
<b>TOTAL DESIGNATED RESERVES</b>	<b>351,403</b>	<b>415,809</b>	<b>415,809</b>

# UTAH COUNTIES INSURANCE POOL

Workers' Compensation

## 2006 BUDGET

	2005	2006 Approved	2006 Amended
<b>REVENUE</b>			
Premiums Written	1,627,209	2,026,010	2,026,010
Loss Control Program Credit	0	-75,000	-20,000
Investment Income	12,000	12,000	12,000
<b>TOTAL REVENUE</b>	<b>1,639,209</b>	<b>1,963,010</b>	<b>2,018,010</b>
<b>LOSSES AND LOSS EXPENSES</b>			
Losses	975,511	1,162,932	1,195,811
Reinsurance	269,022	270,000	342,121
Third Party Administrator	150,000	150,000	150,000
<b>TOTAL LOSS EXPENSES</b>	<b>1,394,533</b>	<b>1,582,932</b>	<b>1,687,932</b>
<b>ADMINISTRATION EXPENSES</b>			
Accounting	8,000	2,000	2,000
Actuarial Analysis	4,000	4,000	4,000
Capitalization Costs - CRL	27,287	30,000	0
Consultant	0	18,000	18,000
Self-Insurer's Bond	37,500	37,500	37,500
Self-Insurer's Tax	0	90,000	70,000
<b>TOTAL ADMINISTRATION</b>	<b>76,787</b>	<b>181,500</b>	<b>131,500</b>
<b>TOTAL LOSSES AND EXPENSES</b>	<b>1,471,320</b>	<b>1,764,432</b>	<b>1,819,432</b>
<b>TRANSFER TO ADMINISTRATION BUDGET</b>	<b>167,889</b>	<b>198,578</b>	<b>198,578</b>
<b>EQUITY / RESERVES</b>			
Capital (CRL)	79,409	109,409	109,409
<b>TOTAL EQUITY</b>	<b>79,409</b>	<b>109,409</b>	<b>109,409</b>



# UTAH COUNTIES INSURANCE POOL

## Employee Benefits

### 2006 Tentative Budget

2006

#### REVENUE

Premiums Written	3,495,156
Administration	15,300
Investment Income	50,000
<b><i>TOTAL REVENUE</i></b>	<b>3,560,456</b>

#### BENEFITS

Feasibility Study	100,000
<b><i>TOTAL EXPENSES</i></b>	<b>100,000</b>

#### EXPENSES

Accounting	2,000
Audit	2,000
Marketing	5,000
Premiums Paid	3,495,156
<b><i>TOTAL EXPENSES</i></b>	<b>3,504,156</b>

<b><i>TOTAL SURPLUS</i></b>	<b>-43,700</b>
-----------------------------	----------------



# Utah Counties Insurance Pool

## Payments

November 1 - January 1, 2006

Type	Date	Num	Name	Memo	Split	Amount
WF-Expense						
Liability Check	11/14/2005		QuickBooks Payroll Service	Created by Payroll Service on 11/08/2005	-SPLIT-	-11,032.43
Paycheck	11/15/2005		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	11/15/2005		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	11/15/2005		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	11/15/2005		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	11/15/2005		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	11/15/2005		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	11/15/2005		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	11/15/2005		United States Treasury	87-0495792	-SPLIT-	-3,676.58
Check	11/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-2,215.33
Check	11/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-1,490.05
Check	11/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-770.38
Check	11/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	-SPLIT-	-357.51
Check	11/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-770.38
Liability Check	11/29/2005		QuickBooks Payroll Service	Created by Payroll Service on 11/23/2005	-SPLIT-	-12,044.88
Paycheck	11/30/2005		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	11/30/2005		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	11/30/2005		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	11/30/2005		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	11/30/2005		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	11/30/2005		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	11/30/2005		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	11/30/2005		United States Treasury	87-0495792	-SPLIT-	-4,317.66
Liability Check	11/30/2005		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-2,998.64
Check	12/1/2005	3133	Utah Safety Council	Invoice Number: 00888	-SPLIT-	-318.00
Liability Check	12/1/2005	3134	Utah Local Governments Trust	Customer Number: 1576.0 (DEC)	Loss Control / Training	-6,348.82
Check	12/1/2005	3135	Office Depot	Account Number: 35538769	-SPLIT-	-99.46
Check	12/1/2005	3136	Ilinc Communications	Statement Number: 1044147	Office Supplies	-32.85
Check	12/1/2005	3137	Steve Baker	Mileage Reimbursement	Telephone	-307.20
Check	12/1/2005	3138	Dan McConkie	Mileage Reimbursement	Board Expense	-59.04
Check	12/1/2005	3139	Ira Hatch	Mileage Reimbursement	Board Expense	-153.60
Check	12/1/2005	3140	Gene Roundy	Mileage Reimbursement	Board Expense	-230.40
Check	12/1/2005	3141	Lynn Lemon	Mileage Reimbursement	Board Expense	-120.96
Check	12/1/2005	3142	Kay Blackwell	Mileage Reimbursement	-SPLIT-	-198.43
Check	12/1/2005	3143	Kenneth Birschoff	Expense Reimbursement	-SPLIT-	-203.66
Check	12/1/2005	3144	Verizon Wireless	Expense Reimbursement	Telephone	-70.66
Check	12/1/2005	3145	Agile Studios	Invoice Number: 1995527783	-SPLIT-	-120.00
Check	12/1/2005	3146	County Reinsurance, Limited	Invoice Number: 20050083	-SPLIT-	-512.74
Liability Check	12/1/2005	3147	Utah Retirement Systems	Unit No: 864 (November 2005)	Board Expense	-7,555.28
Check	12/1/2005	3148	PEHP-LTD	Coverage Period: November 2005	-SPLIT-	-197.95
Liability Check	12/14/2005		QuickBooks Payroll Service	Created by Payroll Service on 12/09/2005	Staff Medical Insurance	-11,012.63
Paycheck	12/15/2005		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	12/15/2005		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	12/15/2005		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	12/15/2005		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	12/15/2005		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	12/15/2005		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	12/15/2005		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	12/15/2005		United States Treasury	87-0495792	-SPLIT-	-3,678.92
Check	12/16/2005	3150	Thanksgiving Point	WO#: 6188	-SPLIT-	-3,450.03
Check	12/16/2005	3151	Mark W. Brady	Reimbursable Expenses	-SPLIT-	-660.00
Check	12/16/2005	3152	Mountain View Software	Invoice Number: 13034	Information Technology	-3,600.00

# Utah Counties Insurance Pool Payments

November 11 - January 1, 2006

Type	Date	Num	Name	Memo	Split	Amount
Check	12/16/2005	3153	Verizon Wireless	Invoice Number: 1998529351	Telephone	-81.32
Check	12/16/2005	3154	Verizon Wireless	Invoice Number: 1998529350	Telephone	-41.23
Check	12/16/2005	3155	Verizon Wireless	Invoice Number: 1998829559	Telephone	-153.33
Check	12/16/2005	3156	Larson & Company	Invoice Number: 15364	Accounting	-142.50
Check	12/16/2005	3157	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-271.58
Check	12/16/2005	3158	Qwest	Account Number: 801-293-3098-606B	Telephone	-265.17
Check	12/16/2005	3159	Shelley Peck	Expense Reimbursement	-SPLIT-	-18.72
Check	12/16/2005	3160	Positive Incentives	Invoice Numbers: 85296	Incentives	-978.09
Check	12/16/2005	3161	Positive Incentives	Invoice Numbers: 85304	Incentives	-987.72
Check	12/16/2005	3162	Kent Sundberg	Expense Reimbursement	-SPLIT-	-612.68
Check	12/16/2005	3163	Sonya J. White	Reimbursable Expenses	-SPLIT-	-212.44
Check	12/16/2005	3172	Brody S. Parker	Annual Award	-SPLIT-	-227.64
Paycheck	12/16/2005	3173	Charmaine G. Green	Annual Award	-SPLIT-	-230.78
Paycheck	12/16/2005	3174	Korby M. Siggard	Annual Award	-SPLIT-	-230.87
Paycheck	12/16/2005	3175	Lester J. Nixon	Annual Award	-SPLIT-	-230.87
Paycheck	12/16/2005	3176	Shelley Peck	Annual Award	-SPLIT-	-225.16
Paycheck	12/16/2005	3177	Sonya J. White	Annual Award	-SPLIT-	-226.58
Paycheck	12/16/2005	3178	Mark W. Brady	Annual Award	-SPLIT-	-229.00
Check	12/16/2005	3164	Catering by Bryce	Invoice Number: 422158	-SPLIT-	-101.57
Check	12/16/2005	3165	Office Depot	Account Number: 35538769	-SPLIT-	-49.69
Check	12/16/2005	3166	iLinc Communications	Statement Number: 1044913	Telephone	-20.19
Check	12/27/2005	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	-SPLIT-	-435.71
Check	12/27/2005	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-5,195.68
Check	12/27/2005	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-1,090.03
Check	12/27/2005	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-3,969.80
Check	12/27/2005	VISA	Wells Fargo	Account Number: 5545124	Dues / Subscriptions	-395.00
Check	1/1/2006	3149	Thompson Publishing Group, Inc.	One-Year Subscription	Dues / Subscriptions	-397.00
Check	1/1/2006	3167	Municipal Litigation Reporter	ID Number: 262898	Dues / Subscriptions	-225.00
Check	1/1/2006	3168	DRI	Board Retreat (May31-Jun2) Deposit	Board Expense	-1,000.00
Check	1/1/2006	3169	The Lodge at Stillwater	Invoice Number: 327266	Crime	-18,230.00
Check	1/1/2006	3170	Marsh USA Risk & Insurance Services	Invoice Number: 327267	Crime	-10,994.00
Check	1/1/2006	3171	Marsh USA Risk & Insurance Services			
Total WF-Expense						-126,073.82
<b>WF-Work Comp Expense</b>						
Check	11/17/2005	0085	BRF - Alternative Service Concepts	Voucher Number: 2102	Third Party Administrator ...	-521.09
Check	11/17/2005	0086	CompToday	Voucher No. 2103	Third Party Administrator ...	-230.57
Check	12/1/2005	0087	Pfeiffer Consulting Group, LLP	Invoice Number: 2005-7	Professional Fees	-1,500.00
Check	12/14/2005	0088	BRF - Alternative Service Concepts	Voucher Number: 2174	Third Party Administrator ...	-2,790.91
Check	12/14/2005	0089	CompToday	Voucher No. 2175	Third Party Administrator ...	-1,165.58
Check	12/14/2005	0090	Alternative Service Concepts, LLC	Invoice Number: 0010241-IN	Third Party Administrator ...	-12,246.31
Total WF-Work Comp Expense						-18,454.46
<b>TOTAL</b>						<b>-144,528.28</b>